

Rates Recap October 2017



SOFR Futures: Design Considerations on ARRC's Endorsed Rate

Futures on ARRC's SOFR rate will be additive and complementary to Eurodollar and Fed Fund Futures. SOFR is financially distinct but correlated with both LIBOR and the daily effective federal funds rate (EFFR). We seek market input to design SOFR futures to meet the following criteria.

- Comparability with familiar, established STIR futures products to promote easier adoption
- Work like building blocks, giving users as much flexibility of application as possible
- Term exposures that provide a reliable indication of market expectations of SOFR path along the curve
- Easy spread-trading against established STIR futures, facilitated by CME Globex inter-commodity spreads
- Margin efficiencies against STIR and Treasury futures, and efficient portfolio margining against cleared interest rate swaps

We look forward to extensive market consultation to confirm and guide the final selection of attributes for SOFR futures

[Access our webinar on ARRC background and SOFR futures](http://cmegroup.com/sofr-webinar)
cmegroup.com/sofr-webinar

Wednesday Options Surpass 1.2 Million Contracts Since Launch

Wednesday options offer greater precision for trading and hedging mid-week events like FOMC meetings

- 1.2 million contracts traded in less than 4 months (ADV of 14K since launch)
- ADV of 18.7K contracts/day in September
- ADV of 42K contracts over the last three FOMC meetings, +200% vs ADV
- Record 64K contracts traded on Friday, October 6 around Non-Farm Payroll (in addition to 335K Friday weeklies)

[Learn more at cmegroup.com/wto](http://cmegroup.com/wto)

Data through September 29, 2017 unless otherwise specified.

View the current version and an archive of *the Rates Recap* online at cmegroup.com/ratesrecap.

IR Liquidity Metrics Reach New Highs

Futures market liquidity is fundamentally measured by the quality of the central limit order book (CLOB), and proportional to indicators such as OI, ADV, and breadth of participation. Our updated paper examines these metrics and highlights recent milestones, including:

- Book depth up across all Treasury futures
- Record open interest of 26.2M contracts in IR futures
- Record 1,952 Large Open Interest Holders
- Treasury futures notional volume now 88.5% of cash market
- Record electronification in Treasury options

Read our Liquidity Whitepaper at cmegroup.com/ir-liquidity

Fed Fund Options Quotes Now Streaming on CME Globex

Take advantage of enhanced screen liquidity in Fed Fund options to hedge short-term interest rate risks tied to Fed monetary policy.

There are now 2-sided electronic markets streamed in most strikes, ~1.5 basis points wide and 25 x 25.

[Learn more at cmegroup.com/fedfunds](http://cmegroup.com/fedfunds)

WHEN RATES MOVE, LIQUIDITY MATTERS.



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