

Research & Product Development

CME Group

Equity Index Futures Quarterly Roll Summary

June-September 2011 Roll

The 2011 June to September calendar roll market for equity index futures was relatively stable in spite of the 6-week downtrend in U.S. equity prices that began in early May. Growing debt concerns in the weakest European Monetary Union countries coupled with the release of weaker U.S. fundamental data just prior to the calendar roll period contributed to an increase in U.S. equity market volatility during the first half of June.

Exhibit 1 summarizes 2011 June to September quarterly roll pricing for CME Group U.S. equity indexes. Compared to prior roll period, the calendar spreads during this roll period traded relatively cheaper with less variability. In particular, the implied financing rate associated with the E-mini S&P 500 calendar spreads traded with a 34 to 37 basis point range throughout the roll period, relatively rich to LIBOR. In the case of E-mini S&P 500, the spread between the implied financing rate and LIBOR for the E-mini S&P 500 futures roll widened from 7 basis points per annum (p.a.) to 10 basis points p.a. toward the roll period's end. This rising financing rate premium may be attributed to a decline in the LIBOR rate. This type of pattern also existed for the E-mini Dow futures and E-mini S&P MidCap 400 roll. However, the E-mini Nasdaq 100 futures traded at an average premium to LIBOR of only 4 basis points and the E-mini S&P SmallCap 600 futures rolled at a discount of around 25 basis points to LIBOR.

For most of the domestic equity index futures, roll financing rates declined appreciably towards the end of the period, as anticipated.

Exhibit 1 - Volume Weighted Average Price and the corresponding Volume Weighted Average implied financing rate of Jun –Sep 2011 calendar spreads in various domestic index futures.

| Date | E-mini S&P 500 | | E-mini NASDAQ-100 | | E-mini Dow (\$5) | | E-mini S&P MidCap 400 | | E-mini S&P SmallCap 600 | | LIBOR |
|-------|----------------|-----------|-------------------|-----------|------------------|-----------|-----------------------|-----------|-------------------------|-----------|-------|
| | VWAP | Impl. Fin | VWAP | Impl. Fin | VWAP | Impl. Fin | VWAP | Impl. Fin | VWAP | Impl. Fin | |
| 06/06 | -5.39 | 0.36 | -3.36 | 0.35 | -68.09 | 0.37 | -2.45 | 0.27 | n/a | n/a | 0.29 |
| 06/07 | -5.38 | 0.37 | -3.61 | 0.31 | -68.10 | 0.37 | -2.36 | 0.31 | -1.20 | -0.04 | 0.28 |
| 06/08 | -5.36 | 0.37 | -3.60 | 0.31 | -68.05 | 0.37 | -2.41 | 0.30 | n/a | n/a | 0.28 |
| 06/09 | -5.40 | 0.36 | -3.57 | 0.32 | -67.96 | 0.37 | -2.30 | 0.34 | -1.10 | 0.05 | 0.27 |
| 06/10 | -5.42 | 0.36 | -3.58 | 0.32 | -68.09 | 0.37 | -2.41 | 0.29 | -1.10 | 0.05 | 0.27 |
| 06/13 | -5.43 | 0.35 | -3.55 | 0.33 | -68.50 | 0.36 | -2.39 | 0.31 | -1.05 | 0.10 | 0.26 |
| 06/14 | -5.42 | 0.35 | -3.58 | 0.31 | -68.29 | 0.36 | -2.34 | 0.32 | -1.10 | 0.06 | 0.26 |
| 06/15 | -5.43 | 0.35 | -3.82 | 0.28 | -69.01 | 0.34 | -2.35 | 0.32 | -1.20 | -0.04 | 0.25 |
| 06/16 | -5.51 | 0.34 | -3.87 | 0.27 | -68.72 | 0.35 | -2.32 | 0.33 | -1.15 | 0.01 | 0.25 |

Source: CME Group

For more information on the CME Group suite of Equity Index futures and options, visit www.cmegroup.com/equities

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