

# Metals Spreads

This section describes the Silver calendar /miNY Metals spread functionality on the CME Globex platform:

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For complete product listing and contract specifications please see: <http://www.cmegroup.com>.

 This section uses silver for example purposes.

## miNY Metals Price Rounding

The actual settlement of the miNY products is identical to that of the full-size contracts. For display purposes only, on CME Globex, the miNY products are rounded to the nearest tradable tick for the CME Globex Settlement Price.

The following examples illustrate the settlement price rounding convention on CME Globex.

### miNY Gold Example

The miNY Gold settlement prices round to the nearest tradable tick

Contract Size	Contract Tick Size	Tick Value	Settlement Price Examples	CME Globex Tick Size	CME Globex Rounded Settlement Price Examples
50 Troy oz.	.025	\$12.50	592.70	25	59275
			592.60		59250
			592.30		59225

### miNY Silver Example

The miNY Silver settlement prices round to the nearest 1.25 cent multiple.

Contract Size	Contract Tick Size	Tick Value	Settlement Price Examples	CME Globex Tick Size	CME Globex Rounded Settlement Price Examples
2500 Troy oz.	.0125	\$31.25	11.820	125	118250
			11.834		118375
			11.820		118500

### miNY Copper Example

The miNY Copper settlement prices round to the nearest .20 cent per pound multiple.

Contract Size	Contract Tick Size	Tick Value	Settlement Price Examples	CME Globex Tick Size	CME Globex Rounded Settlement Price Examples
12,500 lbs.	.002	\$25.00	3.4965	2	3496
			3.4995		3500
			3.4955		3496

## Silver Calendar Spreads

The CME Globex platform lists both outright futures and calendar spreads for Silver. The Strategy Type Code 'RT' supports Silver calendar spreads as defined in tag 762-SecuritySubType of the Security Definition (tag 35-MsgType=d) message.

The Silver calendar spread is constructed: Leg 1 – Leg 2 = Spread.

Spread Type	Leg 1	Leg 2	Calendar Spread Pricing
RT	Buy	Sell	<ul style="list-style-type: none"><li>• Priced from leg with most recent trade price</li><li>• If no trade price available, then leg with most recent settle is used</li></ul>

Silver spreads have the following processing rules:

- Silver calendar spreads trade in tick increments of 1.
- Last Best Price data block in Market Data Incremental Refresh (tag 35-MsgType=X) messages are disseminated for the spread but not for the legs.
- Trade data blocks are not disseminated for legs due to spread trades. Volume will be updated on subsequent Market Data Incremental Refresh messages due to outright trades on the legs.
- Trade data blocks are disseminated for the actual outright spread trades.
- Settlement prices for all futures and spreads tick in increments of 1.



When a Settlement price on a Leg is in an increment of 1 and no Last Best Price is created for the next day, an order submitted with a price of "Last" will be rejected with the error "Invalid tick price", since the outright legs tick in increments of 5.

## Silver Calendar Spread Leg Pricing

Calendar spread trades with the strategy type of 'RT' use the leg with the most recent trade price as the anchor.

- If the most recent trade price is in leg 1, then the formula is: Leg 2 = Leg 1 (Anchor) – Spread Price.
- If the most recent trade price is in leg 2, then the formula is: Leg 1 = Leg 2 (Anchor) + Spread Price.

If there is no trade price available in either contract, the leg with the most recent settlement price is the anchor for pricing calculations.

The calculated leg may tick in a non-standard tick value (i.e., tick in a number other than 5).

Since Settlements for leg pricing can tick in increments of 1, there may be a scenario in which both contracts are priced with non-standard tick values (i.e., tick in a number other than 5).

## Implied Silver Calendar Spreads

Implied trading is supported for Silver calendar spreads.



Implied instruments priced outside of the defined Price Bands cannot be traded; any order submitted against such an instrument will be rejected with the error message "Market Order not supported by Opposite Limit".

## Implied IN

Implied IN orders for Silver calendar spreads are generated by calculating the price of a calendar due to resting Bids and Offers in the outright futures contracts involved in that spread. Implied IN orders in the Silver calendar spreads are disseminated at their actual prices.

### Implied IN Pricing Example

1. There is a Bid in SIZ6 at 13955.
2. There is an Ask in SIG7 at 14025.

This creates an Implied IN Bid in the Silver calendar spread SIZ6-SIG7 at -70.

## Implied OUT

Implied OUT orders from calendar spreads in the Silver futures are generated by calculating the price of a leg from resting Bids or Offers in the other outright futures contract and the actual resting bid or offer in the Silver calendar spread.

- Implied OUT orders in the Silver futures are disseminated.
- Implied OUT orders in the Silver futures are generated at standard tick increments.
- Implied Bid prices are always rounded down.
- Implied Ask prices are always rounded up.

Implied OUT Bid Rounding from Calendar Spreads Example

1. There is a Bid in SIZ6 at 13955.
2. There is an Ask in the Silver calendar spread of SIZ6-SIG7 at -74.
3. This creates an Implied OUT Bid in SIG7 at 14029.
4. All implied OUT bids are rounded down to the next standard tick.
5. Implied OUT Bid is created in SIG7 at 14025.

#### Implied OUT Ask Rounding from Calendar Spreads Example

1. There is an Ask in SIZ6 at 13955.
2. There is a Bid in the Silver calendar spread of SIZ6-SIG7 at -74.
3. This calculates an Implied OUT Ask in SIG7 at 14029.
4. All implied OUT asks are rounded up to the next standard tick.
5. Implied OUT Bid is created in SIG7 at 14030.

Due to the rounding of implied OUT orders, resting orders may receive fills at prices fractionally better than that at which they were displayed.