



FFA Options Food For Thought

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CAPES / IRON ORE

The easing of Covid restrictions in China has lead to much short covering in the Iron Ore contract over recent weeks (blue line). This along with an early Chinese new year approaching has resulted in the market entering bull territory.

Meanwhile the Q2 Capes (white line) have not followed suit at all. Instead they have chosen to remain pretty much on their lows potentially being held back by their Q1 sibling.



SOURCE: BLOOMBERG

Do we have some food for thought here?

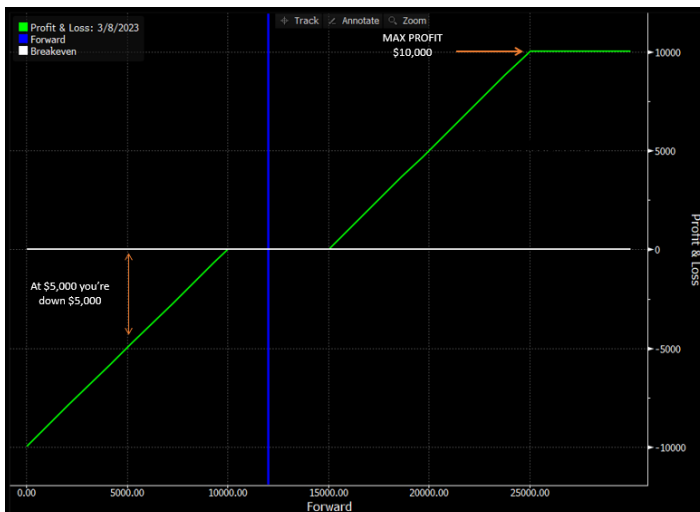
FIS TRADE IDEA

Buy the CAPE Q2 15,000/25,000 Call spread and sell the 10,000 Put to fund it for an overall price of \$0 (indicative)

A rally can see you earn \$10,000 whilst coming off to \$5,000 will only see you lose \$5,000.

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SOURCE: BLOOMBERG

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