

# CME S&P Case Shiller Futures

June 30, 2020 Snapshot



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# Overview

## Objective

- The purpose of this monthly report is to compile information from a variety of sources into one place, at a point in time, to facilitate the understanding, analysis, awareness, and hopefully trading of the CME Case Shiller Home Price futures (and options) and other housing derivative products. Feel free to contact me if you have an ideas for an outright trade, calendar spread, option or inter-city theme.

## Market Color/Discussion

- Resources: [www.homepricefutures.com](http://www.homepricefutures.com)
- Market Updates: Twitter @HomePriceFuture
- LinkedIn: There is a CME Case Shiller home price futures group, but I use Twitter and blogs more often.
- Note: Almost all of the bid/ask quotes that are used here are my record of end-of-trading day prices, and thus may differ from CME closes and quotes, which are tallied an hour earlier.
- I use CUS and HCI interchangeably for the 10-city index. Different trading platforms use different symbols. Sorry for any confusion.
- Based demand for hedging products for other regions I recently launched Home Price Hedging Fund <https://www.homepricefutures.com/hphf>  
Contact me with any interest in hedging Top 50 cities.



# Observations for June 2020

- **Trading/Quotes/Spreads/Activity:**
  - Activity for May included 22 lots traded, across only 2 expirations (!), and 6 regions. All but one trade was in Q20. Trading volume but limited increase in OI suggestive of round trips.
  - Prices on front contracts moved higher, completing a reversal to February trading levels (and them some). Intermediate expiration contracts (e.g. Feb '21-'22) are quoted at discount to spot.
  - Bid/Ask spreads have compressed, mostly on bids rising while offers are only marginally higher. Bid/ask have room to compress further as many intermediate/long regional quotes are a function of intercity spread quotes (i.e. few outright orders).
  - Unusually, all trading took place before June12. Since then, third-party activity has been very slow.



# Price Changes/ June 30 v May 29

- Price changes only show markets with two-sided quotes. (Typically Q20, X20, G21 and G23)
- Bids moved more than offers, tightening bid/asks spreads.
- Q21 contract introduced as K20 expired.

**CME S&P Case Shiller Home Price Futures:  
June 30 v May 29**

	Bid	Ask	Δ		Change*		
	Δ	Δ			Bid	Ask	
CUS	52.6	34.0	<b>18.6</b>	Q20	57.6	44.6	<b>13.0</b>
BOS	21.2	8.6	<b>12.6</b>	X20	68.4	45.4	<b>23.0</b>
CHI	14.6	12.8	<b>1.8</b>	G21	87.0	50.0	<b>37.0</b>
DEN	25.0	15.6	<b>9.4</b>	K21	7.4	4.4	<b>3.0</b>
LAV	40.0	22.0	<b>18.0</b>	Q21	0.0	0.0	<b>0.0</b>
LAX	41.6	26.6	<b>15.0</b>	G22	4.4	3.4	<b>1.0</b>
MIA	31.2	15.2	<b>16.0</b>	X22	6.0	4.4	<b>1.6</b>
NYM	24.6	7.6	<b>17.0</b>	G23	90.4	22.0	<b>68.4</b>
SDG	35.0	16.2	<b>18.8</b>	G24	6.0	4.4	<b>1.6</b>
SFR	29.0	8.6	<b>20.4</b>	G25	7.0	0.0	<b>7.0</b>
WDC	19.4	11.4	<b>8.0</b>				
	<b>334.2</b>	<b>178.6</b>	<b>155.6</b>		<b>334.2</b>	<b>178.6</b>	<b>155.6</b>

\*Change -only for 2-sided mkts

\*- These prices are my best effort to collect end-of-day data and are not actual closing CME bids and offers.

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# Reversal to ~Feb Prices

- These graphs (from CME Equotes) show the complete recovery in prices for the HCI (10-city) Aug '20 contract, and the not-quite total reversal of prices for the Feb '21 contract.
- Recall that these are closes, so levels change on a trade, higher bid, or lower offer. Price decline in late March reflects limited number of trades, didn't capture declining bids, and only changed when offers came in, or trades occurred.
- More price "ticks" on the way up as bid/ask spreads were tighter, creating more opportunities for a change in bid (or offer) to impact close.



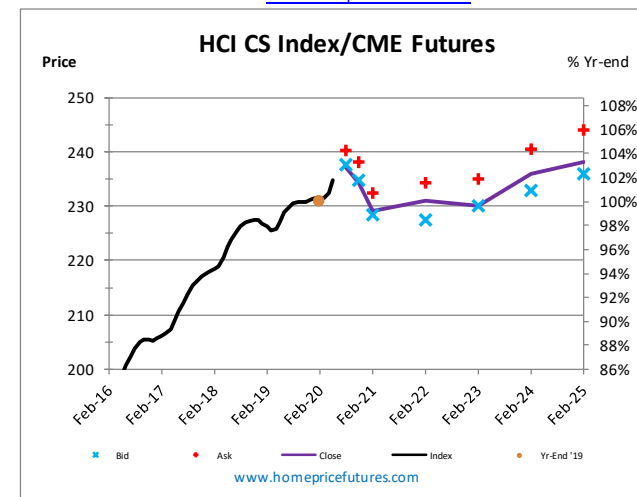
# Dip on intermediate contracts?

- Aug '20/ Nov '20 contracts seem to be focused on low inventory/ mortgage rates.
- Feb '21-'22 prices reflect debate about a possible dip (with wider bid/ask).
- Feb '23 (and on) prices are driven by calendar spreads that seem based on a notion of “new normal”/prices rising with inflation.

HCI a/o 7/1/2020

Contract	Expiration	Last	Prices		Mkt % spot	
			Bid	Ask	Bid	Ask
HCI		236.58				
HCIQ20	Aug '20	237.2	237.6	240.2	100.4%	101.5%
HCI920	Nov '20	234.2	234.8	238.0	99.2%	100.6%
HCI921	Feb '21	229.0	228.4	232.4	96.5%	98.2%
HCI922	Feb '22	231.0	227.4	234.4	96.1%	99.1%
HCI923	Feb '23	230.0	230.0	235.0	97.2%	99.3%
HCI924	Feb '24	236.0	233.0	240.4	98.5%	101.6%
HCI925	Feb '25	238.0	236.0	244.0	99.8%	103.1%

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# Price Changes/ June 30 v May 29

## CME S&P Case Shiller Home Price Futures: June 30 v May 29

9	Bid	Ask	Bid	Ask	Bid Δ	Ask Δ	10	Bid	Ask	Bid	Ask	Bid Δ	Ask Δ
<b>HCI</b>	236.58						<b>BOS</b>	230.30					
HCIQ20	237.6	240.2	233.0	235.8	4.6	4.4	BOSQ20	232.0	235.0	228.0	233.0	4.0	2.0
HCIX20	234.8	238.0	229.0	233.0	5.8	5.0	BOSX20	230.0	233.6	226.4	231.0	3.6	2.6
HCIQ21	228.4	232.4	223.0	227.4	5.4	5.0	BOSG21	226.2	230.0	220.0	227.0	6.2	3.0
HCIK21	226.4	233.4	219.0	229.0	7.4	4.4	BOSK21						
HCIQ21	227.4	235.4					BOSQ21						
HCIQ22	227.4	234.4	223.0	231.0	4.4	3.4	BOSG22						
HCIX22	231.0	236.6	225.0	232.2	6.0	4.4	BOSX22						
HCIQ23	230.0	235.0	224.0	232.0	6.0	3.0	BOSG23	230.4	239.0	223.0	238.0	7.4	1.0
HCIQ24	233.0	240.4	227.0	236.0	6.0	4.4	BOSG24			226.0			
HCIQ25	236.0	244.0	229.0	244.0	7.0	0.0	BOSG25	237.0	253.0	229.0			

9	Bid	Ask	Bid	Ask	Bid Δ	Ask Δ
<b>CHI</b>	146.07					
CHIQ20	146.8	149.8	143.2	146.0	3.6	3.8
CHIX20	143.8	147.8	142.6	144.0	1.2	3.8
CHIG21	140.4	144.2	136.6	141.0	3.8	3.2
CHIK21				144.0		
CHIQ21						
CHIG22			134.0	144.0		
CHIX22				148.0		
CHIG23	140.0	148.0	134.0	146.0	6.0	2.0
CHIG24			137.0	150.0		
CHIG25	140.0	153.0	138.0			

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# Price Changes/ June 30 v May 29

## CME S&P Case Shiller Home Price Futures: June 30 v May 29

	Bid	Ask	Bid	Ask	Bid Δ	Ask Δ		Bid	Ask	Bid	Ask	Bid Δ	Ask Δ	
<b>DEN</b>	230.25							<b>LAV</b>	200.29					
DENQ20	232.6	235.6	227.0	231.0	5.6	4.6	LAVQ20	198.0	202.0	190.0	196.0	8.0	6.0	
DENX20	230.0	233.8	225.0	229.0	5.0	4.8	LAVX20	193.0	198.6	184.0	191.0	9.0	7.6	
DENG21	225.6	231.2	219.2	227.0	6.4	4.2	LAVG21	185.0	191.4	174.0	185.0	11.0	6.4	
DENK21							LAVK21							
DENQ21							LAVQ21							
DENG22			216.0				LAVG22							
DENX22							LAVX22							
DENG23	228.0	236.0	220.0	234.0	8.0	2.0	LAVG23	182.0	191.0	170.0	189.0	12.0	2.0	
DENG24			221.0				LAVG24							
DENG25	235.0	249.0	224.0				LAVG25	179.0	193.0					

	Bid	Ask	Bid	Ask	Bid Δ	Ask Δ		Bid	Ask	Bid	Ask	Bid Δ	Ask Δ	
<b>LAX</b>	295.88							<b>MIA</b>	251.99					
LAXQ20	294.8	298.2	288.0	292.4	6.8	5.8	MIAQ20	253.4	256.4	248.0	253.0	5.4	3.4	
LAXX20	290.8	296.4	280.0	290.0	10.8	6.4	MIAX20	249.4	254.4	242.0	251.0	7.4	3.4	
LAXG21	284.8	290.4	272.0	282.0	12.8	8.4	MIAG21	244.4	250.4	234.0	244.0	10.4	6.4	
LAXK21	281.2						MIAK21							
LAXQ21	280.2						MIAQ21							
LAXG22	283.6						MIAG22							
LAXX22	287.2		274.0				MIAX22							
LAXG23	283.2	292.0	272.0	286.0	11.2	6.0	MIAG23	242.6	250.6	234.6	248.6	8.0	2.0	
LAXG24	287.2		274.0				MIAG24							
LAXG25	289.2	303.0	276.0				MIAG25	243.0	256.0	237.0				

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# Price Changes/ June 30 v May 29

## CME S&P Case Shiller Home Price Futures: June 30 v May 29

	Bid	Ask	Bid	Ask	Bid Δ	Ask Δ		Bid	Ask	Bid	Ask	Bid Δ	Ask Δ	
<b>NYM</b>	205.37							<b>SDG</b>	272.48					
NYMQ20	206.4	209.4	203.0	208.0	3.4	1.4	SDGQ20	274.0	277.0	267.0	271.0	7.0	6.0	
NYMX20	203.2	207.8	198.0	205.0	5.2	2.8	SDGX20	270.0	274.8	262.0	270.0	8.0	4.8	
NYMG21	199.0	204.4	192.0	202.0	7.0	2.4	SDGG21	266.0	270.4	256.0	266.0	10.0	4.4	
NYMK21	197.0						SDGK21	261.6						
NYMQ21	198.0						SDGQ21	266.0						
NYMG22	197.0						SDGG22	263.0						
NYMX22	201.0						SDGX22	266.0						
NYMG23	201.0	208.0	192.0	207.0	9.0	1.0	SDGG23	268.0	273.0	258.0	272.0	10.0	1.0	
NYMG24	201.6		192.0				SDGG24	270.0		260.0				
NYMG25	203.0	216.0	194.0				SDGG25	272.6	284.6	262.0				

	Bid	Ask	Bid	Ask	Bid Δ	Ask Δ		Bid	Ask	Bid	Ask	Bid Δ	Ask Δ	
<b>SFR</b>	276.38							<b>WDC</b>	240.82					
SFRQ20	275.6	278.0	270.0	273.4	5.6	4.6	WDCQ20	241.6	244.6	238.0	242.0	3.6	2.6	
SFRX20	272.0	275.0	265.0	274.0	7.0	1.0	WDCX20	238.4	243.2	233.0	240.0	5.4	3.2	
SFRG21	266.6	270.0	258.0	267.0	8.6	3.0	WDCG21	234.0	239.6	228.6	236.0	5.4	3.6	
SFRK21	264.0	273.0					WDCK21							
SFRQ21	266.8						WDCQ21							
SFRG22	263.4	273.6					WDCG22							
SFRX22	268.8	278.0	261.0				WDCX22							
SFRG23	267.8	273.0	260.0	273.0	7.8	0.0	WDCG23	234.0	242.0	229.0	240.0	5.0	2.0	
SFRG24	269.8	281.0	262.0				WDCG24			231.0				

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# Bid/Ask Spreads

- Tightest two bid/ask spreads (by expiration) in green/ widest two in red.
- Note two-sided spreads quoted now in five key expirations: Q20, X20, G21, G23 and G25. Quotes in many other expirations are either: a) to provide a fuller curve for 10-city index contracts, b) to provide quotes on contracts with OI, or c) as part of ongoing attempts by users to unwind open exposures.
- Bid/ask spreads are much tighter in G21, G23 than over most of the last two months, but still have room to run as many regional quotes are still being derived from Intercity Spread levels.

		BID/ASK Spread										
		CUS	BOS	CHI	DEN	LAV	LAX	MIA	NYM	SDG	SFR	WDC
Aug '20	Q20	2.6	3.0	3.0	3.0	4.0	3.4	3.0	3.0	3.0	2.4	3.0
Nov '20	X20	3.2	3.6	4.0	3.8	5.6	5.6	5.0	4.6	4.8	3.0	4.8
Feb '21	G21	4.0	3.8	3.8	5.6	6.4	5.6	6.0	5.4	4.4	3.4	5.6
May '21	K21	7.0									9.0	
Aug '21	Q21	8.0										
Feb '22	G22	7.0									10.2	
Nov '22	X22	5.6									9.2	
Feb '23	G23	5.0	8.6	8.0	8.0	9.0	8.8	8.0	7.0	5.0	5.2	8.0
Feb '24	G24	7.4									11.2	
Feb '25	G25	8.0	16.0	13.0	14.0	14.0	13.8	13.0	13.0	12.0	11.2	12.0



# Trading Activity: June /Rolling-12 mon

- There were 22 lots traded in June across only 2 expirations, and 6 regions.
- Numerous trades in one region, without growth in OI are suggestive of round trips.
- All trading took place before June 12 (and therefore none around CS release date).
- SFR remains the most active regional contract over the last 12 months.

CME Case Shiller Trading					
Futures					
Contract	June 22	Trailing 12 295	Region	June 22	Trailing 12 295
K19	0	0	HCI	3	78
Q19	0	4	BOS	0	33
X19	0	22	CHI	0	14
G20	0	31	DEN	0	17
K20	0	62	LAV	0	3
Q20	21	32	LAX	0	10
X20	1	57	MIA	4	7
G21	0	20	NYM	6	37
K21	0	0	SDG	5	21
G22	0	0	SFR	2	54
X22	0	48	WDC	2	20
G23	0	2	TBA	0	1
G24	0	16			
G25	0	0			
TBA	0	1			

Volume: CME S&P Case Shiller

	Contracts Traded							
	By Month							
	2013	2014	2015	2016	2017	2018	2019	2020
<b>Jan</b>	8	15	8	9	25	9	3	16
<b>Feb</b>	7	21	4	8	8	3	2	38
<b>Mar</b>	26	10	12	2	13	9	42	79
<b>Apr</b>	11	14	14	14	5	9	19	50
<b>May</b>	17	52	6	16	12	7	3	13
<b>June</b>	4	2	2	3	13	15	2	22
<b>July</b>	18	2	5	9	6	5	10	
<b>Aug</b>	12	19	5	5	18	8	9	
<b>Sept</b>	29	1	3	11	22	2	19	
<b>Oct</b>	68	15	9	17	9	22	19	
<b>Nov</b>	23	10	15	46	2	11	14	
<b>Dec</b>	7	5	10	7	3	10	6	
<b>Total</b>	<b>230</b>	<b>166</b>	<b>93</b>	<b>147</b>	<b>136</b>	<b>110</b>	<b>148</b>	<b>218</b>



# Open Interest (OI)

- OI rose from 34 to 35. (Note that Apr/Mar OI tallies have been revised here to be consistent w/ CME totals.)
- Three regions (DEN, MIA and WDC ) have no OI.
- OI has skewed toward shorter contracts (with average “time to expiration” < 1.0 for first time in years) as debate on near-term price forecasts dominate trading.

Contract	6/30/2020 *current month -estimated											Total
	BOS	CHI	DEN	HCI	LAV	LAX	MIA	NYM	SDG	SFR	WDC	
Aug 20	1			1			0	0	0	2	0	4
Nov 20		3	0	2	2	2			2	6		17
Feb 21				5								5
May 21												0
Aug 21												0
Feb 22												0
Nov 22	0			2		2		0		2	0	6
Feb 23								1				1
Feb 24	0			2								2
Feb 25												0
<b>SUM</b>	<b>1</b>	<b>3</b>	<b>0</b>	<b>12</b>	<b>2</b>	<b>4</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>10</b>	<b>0</b>	<b>35</b>

Average Expiration (yrs) 0.98  
November Expiration 17%

Open Interest: 2013-2020								
	2013	2014	2015	2016	2017	2018	2019	2020
Jan	109	89	63	44	53	36		54
Feb	89	86	57	37	54	37		49
Mar	102	95	64	37	66	33	56	41
Apr	109	107	71	51	69	40	59	42
May	85	88	57	42	48	35	45	34
June	85	88	58	43	51	39	45	35
July	96	89	58			44	51	
Aug	83	77	49	36	61	48	45	
Sept	105	78		42	45	47	53	
Oct	149	85	52	46	51	49	60	
Nov	81	54	35	38	34	32	53	
Dec	85	57	40	41	34	37	54	

Apr, Mar 2020 OI revised from prior versions



# Disclosures

## Risk Factors/Disclosure

- This report was prepared by an independent market maker of the CME Case Shiller futures contracts. The views expressed are his own and should not be construed to represent the views of the CME, S&P , CoreLogic, or any other entity.
- The author makes no representations as to the accuracy or completeness of any information contained in this report.
- The information gathered was at a point in time. The bids/offers described here are dated and may not exist in the current market.
- The quotes shown are for a minimum of one lot. There is no guarantee as to the depth of the market, not is there any guarantee that an on-going bid/ask spread will be made in every market.
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