

Week 3: VIX Futures and Term Structure Homework

1. VX futures reflect the market's estimate of the value of the _____ index on various expiration dates in the future:
 - a. SPX
 - b. Gold
 - c. RUT
 - d. VIX

2. What does VIX term structure help us understand in terms of futures sensitivity to changes in the VIX index when comparing short dated futures to longer dated futures?

3. What is the natural state for the term structure of futures?

4. When the price of the asset is higher in the future compared to its current value, what state is the market in?

5. When the price of the asset is lower in the future compared to its current value, what state is the market in?

Project work: Pull up a quote box. Plug in .VIXMAR, .VIXAPR, .VIXMAY. Is VIX in contango or backwardation?

Options trading entails significant risk and is not appropriate for all investors. Certain complex options strategies carry additional risk. Before trading options, please read [Characteristics and Risks of Standardized Options](#). Supporting documentation for any claims, if applicable, will be furnished upon request.

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