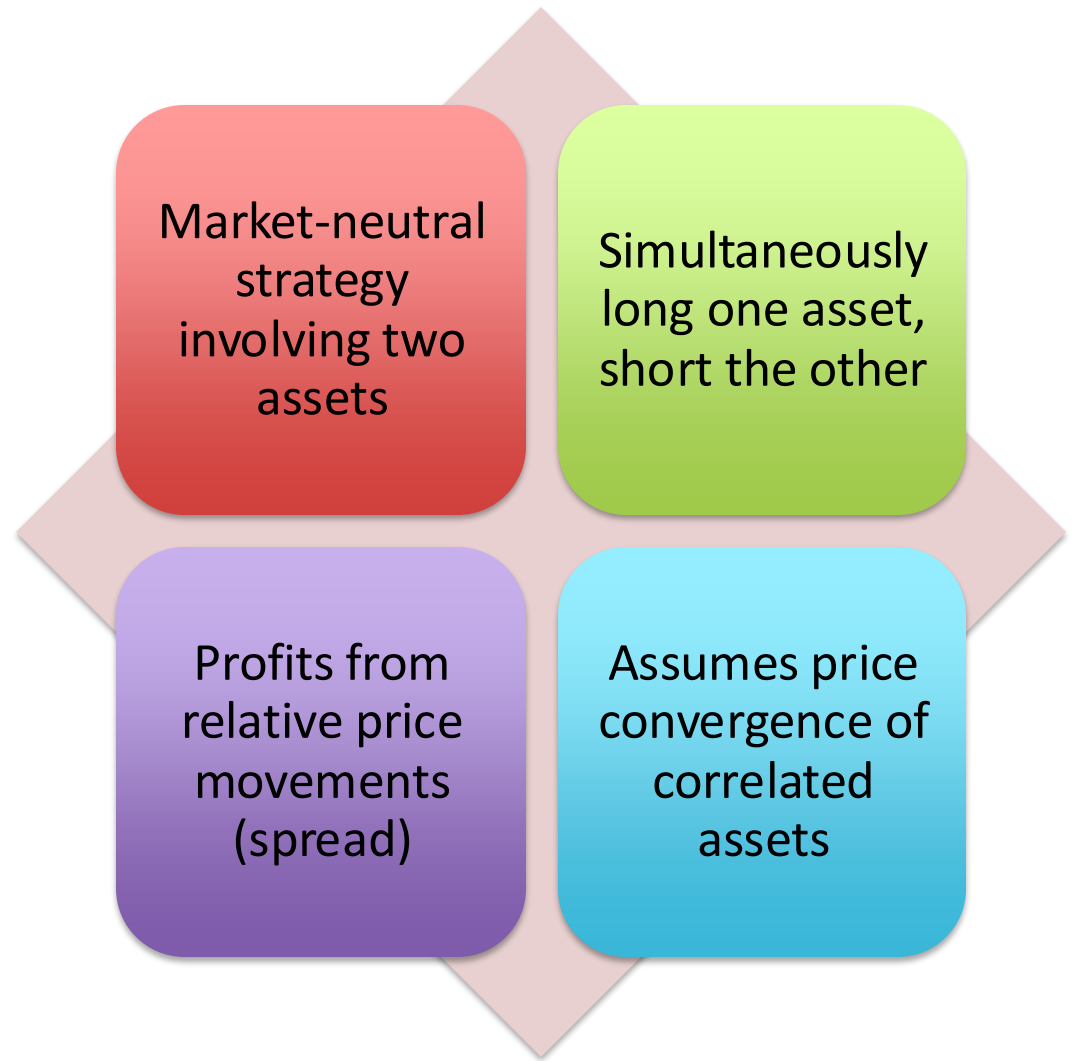


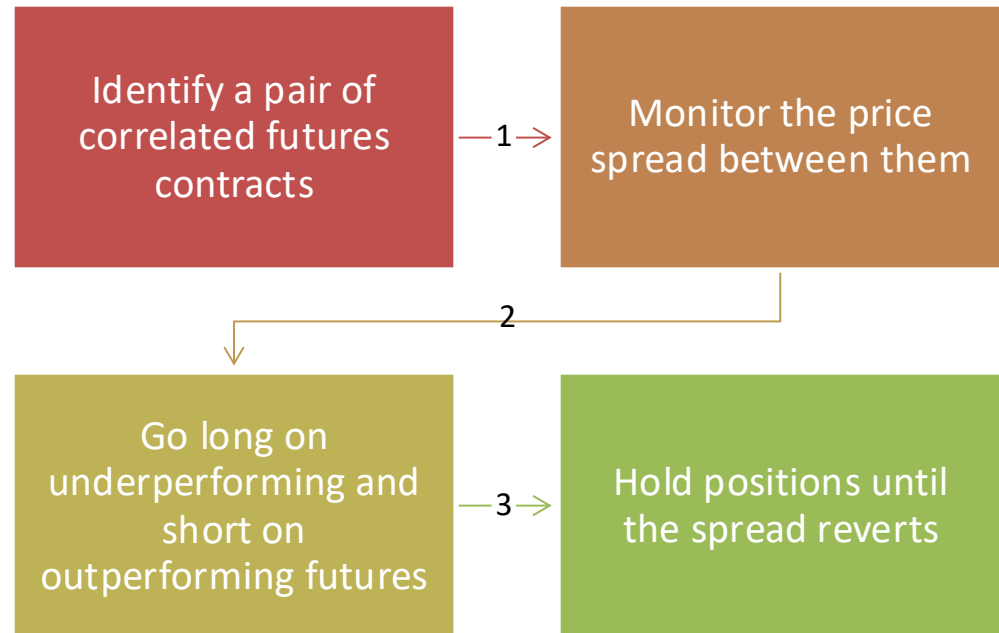


Concept of Pair Trading in Futures Trading

Introduction to Pair Trading



Steps in Pair Trading with Futures



Benefits and Risks of Pair Trading

Benefits:

- Market-neutral strategy
- Reduces broad market risk
- Flexible across asset classes

Risks:

- Correlation breakdown
- Timing the reversion
- Leverage amplifies losses

Example: S&P 500
Futures vs.
Nasdaq 100
Futures



Go short on Nasdaq, long on S&P 500
Profit from narrowing of the price difference

Applications in
futures:

Commodities (Gold vs. Silver)
Stock indices (S&P 500 vs. Nasdaq)
Interest rates (2-year vs. 10-year Treasury)

Example and Applications