

The curve as the futures layer's own read

CURVE ANALYSIS

The board's months as an analytical object: shape against the family's carry normal, change against yesterday, and the front end as the fastest repricing surface the layer owns. The commodities method generalised - with each family's curve speaking its underlying's language, and the economics of what shapes pay concluded in module 8.

Module 2 made curve shape readable at a glance. Analysis asks the shape questions the commodities track taught - deviation, change, the front's kink - per family, in each family's language.

The method, family by family

Physical families: the commodities method verbatim - the curve is the balance sheet's photograph, backwardation is bid tightness, the stocks data adjudicates. Routed and unchanged. Index futures: the thin curve is financing-minus-dividends - deviation reads as rate moves, dividend revisions, or stress in the arbitrage; the curve rarely leads here, and mostly confirms what the macro calendar already said. Currency futures: the curve is the FX track's forward points wearing months - rate-differential arithmetic, and its changes are rate-expectation changes, which is module 8's nuance arriving early. Rate futures: the curve IS the object - flagged since lesson 2, resolved in the deep end.

Change over level, always

The analytical unit is the curve's change: which months moved against the shape, which end led, and what the family's language says that means. A physical front kinking upward is tightness arriving; an index curve steepening is rates or dividends repricing; and in every family, curve change that the underlying's own data does not yet explain is the layer's earliest question - sometimes noise, sometimes the first visible edge of something the routed track will confirm in its next release.

The bounded claim

The curve is the futures layer's best analytical object and still only a photograph: it shows today's priced structure, changes show repricing, and neither forecasts - the commodities deep end's law, held until module 8 adds the one family-shaped exception. Used as bounded - shape, change, front - it earns its place in every assembled read; used as prophecy it earns what prophecy always earns on this platform.

Check your understanding

1. Why does an index future's curve 'rarely lead'?

- a. It updates too slowly
- b. Its shape is financing-minus-dividends arithmetic: deviations reprice rates and dividend inputs the macro calendar usually announced first - the curve confirms more than it discovers
- c. Index arbitrage is prohibited from back months

Answer: b. Thin financial curves carry thin information: their inputs are public macro quantities. The physical families' curves photograph hidden balances; the financial ones photograph known arithmetic.

2. What is curve change that the underlying's data does not yet explain?

- a. A data error
- b. The layer's earliest question: sometimes noise, sometimes the first visible edge of something the routed track's next release will confirm
- c. A guaranteed leading signal

Answer: b. The curve reprices continuously; the underlying's data arrives on calendars. The gap between them is where the layer occasionally sees first - bounded honestly, never promised.