Who trades futures

> **THE FUTURES CAST**
>
> The participants across every underlying: hedgers transferring risk from real business, speculators warehousing it for expected compensation, arbitrageurs enforcing the price relationships - plus the asset class's own additions: the spreaders trading contract against contract, and the index-tracking flow that rolls on a published calendar. Most volume, here as everywhere, is not a directional opinion.

Every track's third lesson has made the same discovery in local costume. Futures is where the costume comes off: this is the marketplace the hedger-speculator bargain was invented for.

The cast, across underlyings

Hedgers, per the underlying: the farmer and the airline from commodities, the pension de-risking an equity book through index futures, the borrower fixing a rate - real balance sheets, shedding price risk into the market built for shedding it.Speculators: the other side of the bargain, compensated in expectation for warehousing what business wants gone - four tracks old, and the honest description of most readers of this track.Arbitrageurs: the discipline crews - cash-and-carry between spot and future (the commodities bound), index arbitrage between basket and contract. They keep the future priced to its underlying, which is why lesson 7's carry relationship holds.Spreaders: futures' own species - trading month against month, contract against contract, with no view on direction at all. Their quoting is why calendar spreads have books of their own, met properly in module 8.

The flow with a calendar

The commodities track showed index-tracking money rolling on published schedules; the futures view completes it: that flow is enormous, price-insensitive within its windows, and a structural feature of every contract with tracker money behind it. Add the daily anchor - much institutional business executes at or against settlement - and the futures day has scheduled tides a reader of module 2 will learn to see on the board.

The standing conclusion, fifth telling

Most volume is machinery: hedges rolling, spreads quoting, arbitrage enforcing, trackers rebalancing. The retail error is unchanged across the platform - reading conviction into flow that has none - and the defence is unchanged too: know the cast, know their calendars, and let module 2 teach what their footprints look like on the board.

Check your understanding

1. What keeps a future priced to its underlying?

a. Exchange price limits

b. Arbitrage: cash-and-carry and index arbitrage crews trade any gap between contract and underlying until it closes

c. The clearing house's daily settlement

Answer: b. The discipline crews from two tracks work here full-time. Lesson 7's carry relationship is their product - a priced bound, enforced for profit, inherited by every trader.

2. What are spreaders, and why do they matter to this track?

a. Brokers who widen quotes

b. Futures' own species: traders of month against month with no directional view - the reason calendar spreads have their own books, and module 8's raw material

c. Market makers in the underlying

Answer: b. Contract-versus-contract trading is unique to an asset class built of dated promises. The spread books they maintain are where roll and term-structure business actually transacts.