The settlement print, and who is obliged to it

> **THE SETTLEMENT PRICE**
>
> The exchange's official daily price per contract, computed by a published procedure over a defined window - not the last trade. It marks every position for variation margin, values every fund holding futures, and anchors module 8's basis arithmetic - which is why the settlement window carries the day's most obliged flow, and why the print is the honest close of a market that barely closes.

The commodities track met settlement as a procedure; the equity track met the closing auction's gravity. Futures fuse the two: a market with no real close, anchored daily by a computed number everyone is paid or charged against.

The number's jobs

The mark: lesson 5 of module 1 - tonight's variation margin moves against this print, for every open position on the exchange. It is the most consequential number of the futures day by construction.The valuation: funds, trackers and every margin model value futures at settlement - the equity close's benchmark role, transplanted.The reference: module 8's basis and roll arithmetic quote against settlements - the curve's official daily photograph.

The window's gravity

Because the number is computed from a defined window, the window collects the obliged: index-tracking flow executing at the price it will be measured against, hedgers marking books, spreaders squaring. The equity track's closing-auction logic transfers whole - the window is the day's deepest scheduled liquidity in most families, its print the day's most defensible price, and its minutes the wrong ones for precision orders that do not need the crowd. For a market that never quite closes, the settlement window is the functional close - the tide chart's highest water.

Reading and using it

The daily chart's 'close' is the settlement in most futures data - worth knowing when comparing against cash-market closes computed differently. The overnight session then reopens against the settlement as its reference, and gaps are measured from it. And the reader's habit from two tracks completes: know each family's settlement procedure - the spec names it - because a number computed from a window can be leaned on within that window, which is the microstructure business module 8 files under its own lessons. For this module: the print is the day's anchor; read the day against it.

Check your understanding

1. Why is the settlement window the day's deepest scheduled liquidity in most families?

a. Commissions are discounted there

b. The obliged collect where they are measured: variation marks, fund valuations and tracker executions all run on the print - the equity closing auction's gravity, transplanted

c. Volatility is lowest there

Answer: b. The number's jobs summon the flow. A market that barely closes builds its functional close around the computed print - highest water on the tide chart.

2. What does the daily 'close' on a futures chart usually show?

a. The final trade before the electronic break

b. The settlement price - the computed official number, not the last print - which is why futures and cash closes can differ by construction

c. The midpoint of the last hour

Answer: b. Futures data anchors to settlement. Comparisons against differently-computed cash closes inherit the difference - a data fact worth knowing before reading gaps.