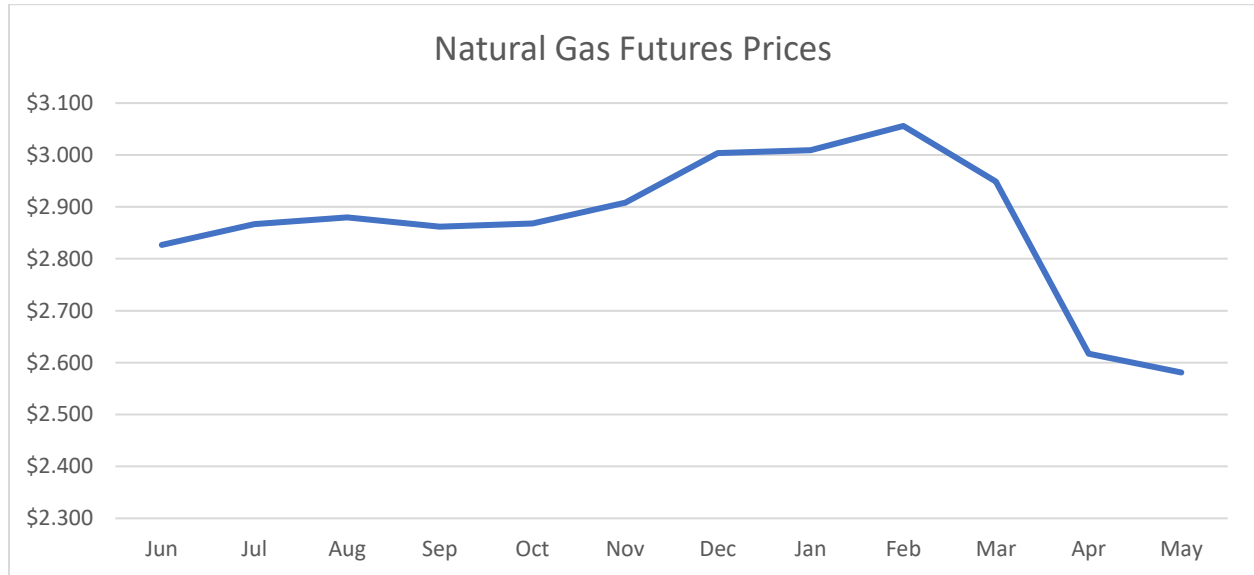


## AUTOMATING TRADING SOLUTIONS FOR SEASONAL COMMODITIES

### Background:

Dan Siegel is a commodities trader, who has made a living successfully trading futures contracts. He has captured edge anticipating swings in momentum and from identifying opportunities where he could profit from a futures contract's seasonal behavior.



*ABOVE: The seasonal nature of natural gas is clear from the graph, with demand increasing in the winter months.*

### The Challenge:

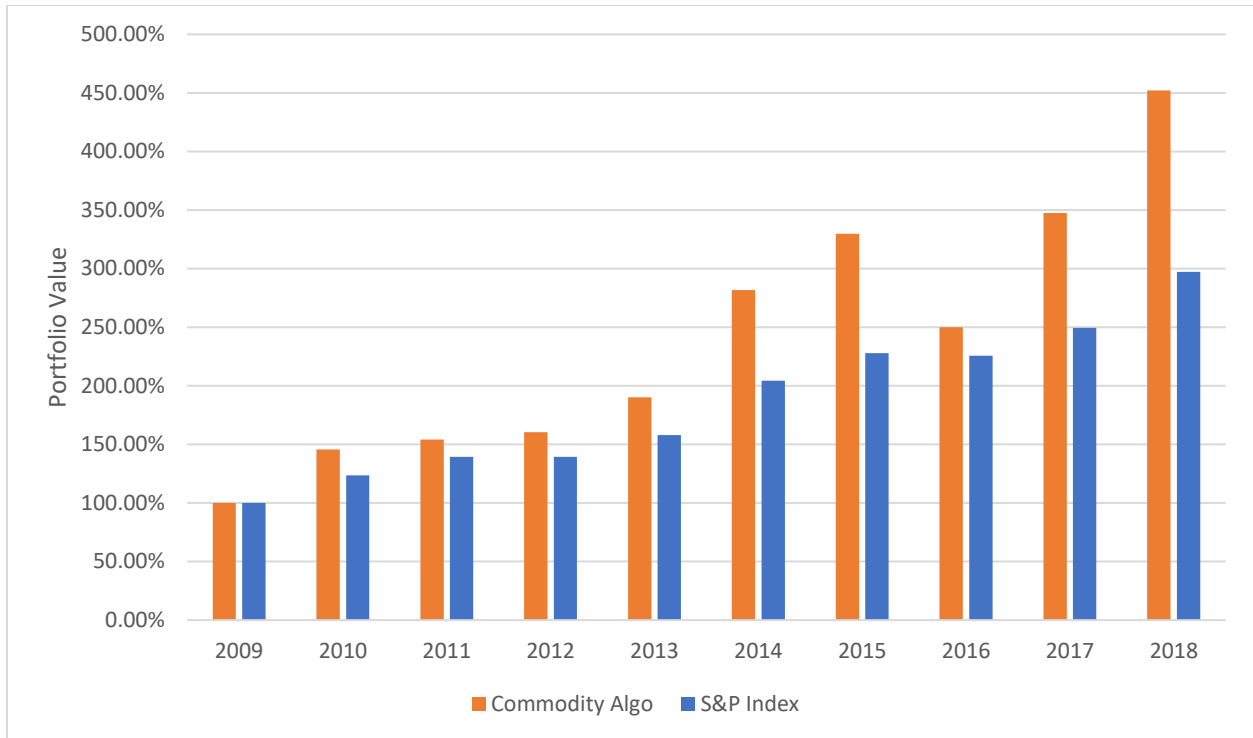
When evaluating opportunities to take advantage of mispricing due to seasonality, Mr. Siegel would first look at the day's prices to determine which month spreads appeared to deviate significantly from their seasonal norms. He would then look at previous years' behavior to determine whether he felt there was a consistent trend. While this provided positive results, this process is time consuming and qualitative, meaning it was more prone to human error.

Mr. Siegel sought StrataQuant to develop an automated solution that would take in all prices, identify the months that were behaving differently than their yearly average, and quantify the confidence a particular spread would revert to its historical mean.

### Results:

Not only did StrataQuant provide Mr. Siegel the ability to easily access every spread's historical behavior, he was also given access to an algorithm that would make recommendations for entire positions including target prices to sell, stop-losses, and the quantity of contracts to purchase.

A blind, out-of-sample back-test was conducted using this algorithm, with the results shown below:



*As demonstrated by the chart above, the performance of the back-tested algorithm exceeded that of the S&P, even during the S&P's historic rise from 2009-2018*

Today, Mr. Siegel's customized solution automatically generates specific insights that generate returns that go straight to his bottom line. The solution was constructed in December of 2017, and by February 2018 Mr. Siegel has already made back over 10 times his investment.

Contact us to learn how StrataQuant can power your profit as well.