

# Brazil weekly options ready for takeoff

Investors in Brazil now have a powerful hedging tool for longer-term investment portfolios, as well as a way to take directional (and volatility) positions around news events.

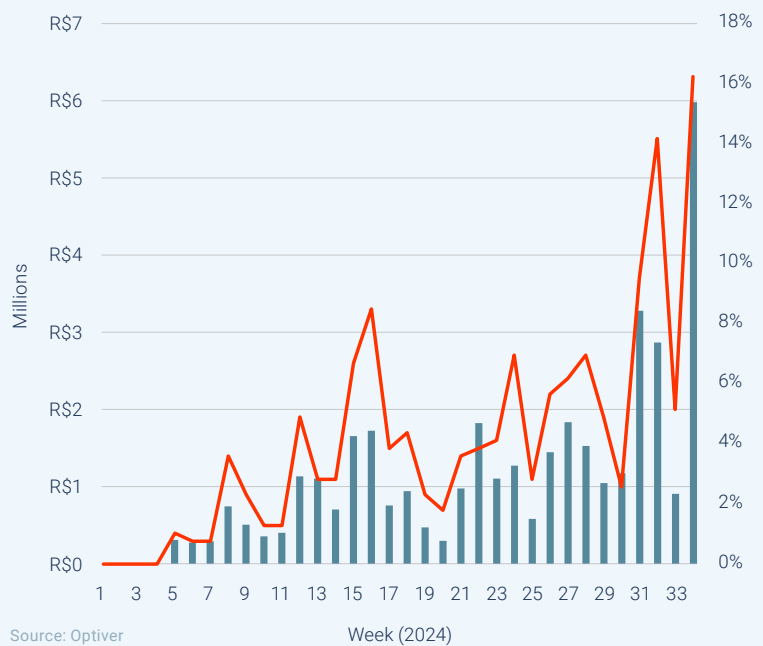
With the launch of weekly options on single stocks and ETFs, one of the fastest growing products in global derivatives markets is now available to investors in Brazil.

“Short-dated options give more precise exposure for less cost,” says Leandro Marinho, Institutional Sales for Brazil at Optiver. “If we look at the most liquid options markets in the world, they are dominated by short-term trading.”

While interest among Brazil’s institutional investors is growing, they still represent just 6% of volume in weekly options. A poll at EQDerivatives LatAm EQD event in Sao Paulo in June showed their number one concern is that spreads are too wide. The next most common concern was around the ability to unwind positions.

## B3 weeklies

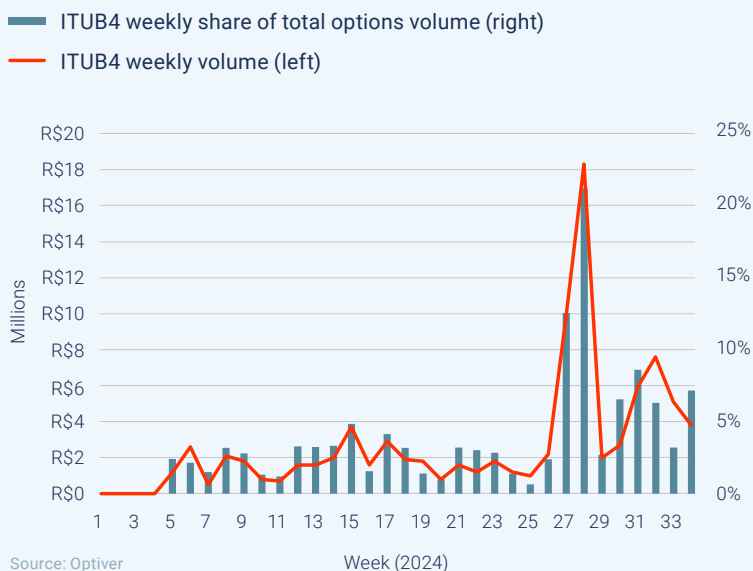
■ B3SA3 weekly share of total options volume (right)  
 — B3SA3 weekly volume (left)



With increased participation from market makers, spreads in the most popular single stock names are narrowing. Optiver recently began quoting more tightly in some of the most popular single stock names, like B3 (B3SA3) and Itau (ITUB4), resulting in a large uptick in volumes (see charts). Optiver has also started quoting more strikes to address concerns about unwinding positions.

Since the launch of weekly options in January, 10% of volume in Petrobras (PETR4) is now made up of weekly expiries, while volumes in the monthlies continues to grow. This demonstrates that short-dated options are additive to overall volumes.

## Itau weeklies



“We have already seen a big pick-up in trading volumes for the weeklies as we have tightened our quotes. As Brazil transitions to more short-term trading, we expect liquidity to increase and spreads to tighten, which is good for all market participants,” says Marinho.

Optiver has been trading in Brazil for 12 years, and in that time the market has experienced significant growth. As a market maker, we stand ready to provide liquidity in large or small blocks for listed index or single stock options.

To learn more about this or other global offerings, contact our Sales Representative for Brazil, Leandro Marinho, at [leandromarinho@optiver.com](mailto:leandromarinho@optiver.com)

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