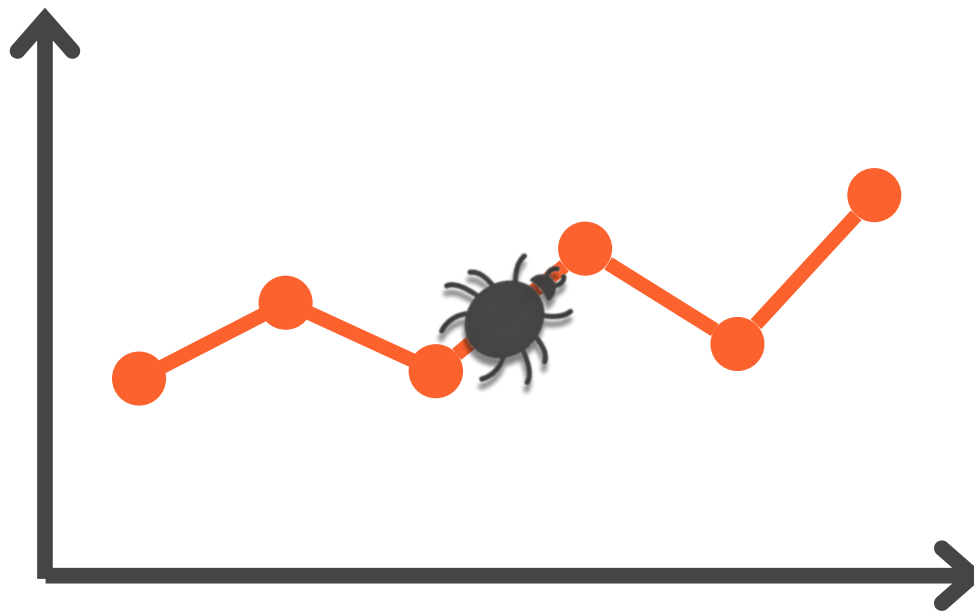


FUTURES LINGO 

MINIMUM TICK



DEFINITION

Minimum Tick



The **smallest price movement** permitted by the Exchange, where the **price moves up or down**.

Tick Size



The **fixed numerical increment** of a single smallest price change, which is determined by the Exchange.

Tick Value



The **monetary value** of one tick movement depends on the size of the contract and its tick size.

Tick Direction



Direction of the smallest price movement.

- **Uptick** means the **price moves up**.
- **Downtick** means the **price moves down**.
- **Zero tick** means the **price remains the same**.

MINIMUM TICK - IMPACT ON TRADING

Bid-ask Spread



Fundamental relationship where a smaller minimum tick leads to **tighter spreads**, while a larger minimum tick leads to **wider spreads**.

Market Liquidity



Allows more **precise pricing** for traders to **enhance liquidity**, making it easier to enter and exit positions.

Regulatory Impact



Exchanges set minimum ticks to **ensure fair and orderly trading**, impacting the trading costs and price efficiency across different market segments.

Trading Strategies



High-Frequency Trading (HFT) and Algorithmic trading are **sensitive to the minimum tick**, as smaller ticks provide more data and larger ticks fundamentally alter the economy.

MINIMUM TICK - APPLICATION

PRODUCT	E-mini Dow Jones Futures	E-mini Nasdaq 100 Futures
CONTRACT SIZE	\$5.00 times index	\$20.00 times index
MINIMUM TICK	1 point	0.25 point
TICK SIZE VALUE	\$5.00	\$5.00
POINT VALUE (1 point x Tick Size Value)	\$5 per point (1 point x \$5.00)	\$20 per point [(1/0.25 point) x \$5.00]