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INTRODUCTION

YellowJacket’s Quote View consolidates all incoming and outgoing quotes/markets into a single grid. Each row of the Quote View represents a unique market that was received from (or sent to) a counterparty. A market’s theoretical value and its delta, gamma, theta and vega are listed in columns on the far right of each row. These values can come directly from the user’s model using YJ’s Excel AppLink integration.

This document describes the steps required to setup and configure YellowJacket’s Excel AppLink pricing package to work with your existing pricing models. YellowJacket’s integration platform is extremely flexible, allowing your pricing process to take almost any form. For example, your process could:

- Pull live prices from any source, including Reuters®, FutureSource®, or CQG®
- Integrate with MATLAB or any other third-party tool
- Integrate with your risk management system

INSTALL EXCEL APPLINK MODULE


2. Close Excel and run the Excel AppLink installer. If you are trading commodities then install this version: https://www.theice.com/publicdocs/yj/YJExcelAppLink.msi. If you are trading equity options then install this version: https://www.theice.com/publicdocs/yj/YJExcelAppLink_equities.msi

3. Open the Excel sample workbook. It is installed with AppLink and can normally be found at C:\Program Files\YellowJacket Software\Excel AppLink\YJ_Sample_Final.xls

   Note: please make sure to enable macros!

4. In YellowJacket, from the Main Console navigate to Manage ➔ My Preferences ➔ Analytics.

5. Change the pricing service to “External” and press OK.

6. In Excel, you should have an Add-Ins tab. In that tab there is button with a light bulb and an on/off switch. Switch it to on.

   Figure 1: Excel AppLink On/Off Switch
YELLOWJACKET PRICING PROCESS

When a market/price is sent or received the structure is sent to Excel for pricing:

- First, YellowJacket will break down the market structure into its individual legs (each leg can be a call, put, or swap/future/index). This breakdown appears in the YJ_Energy tab of the Excel workbook—it should not be modified.

- Each leg is then priced independently of all others in the structure. YellowJacket provides a sample pricing model in the Pricer tab, which references a Black-Scholes model scripted in Visual Basic®. This process is fully customizable—you can fine tune the sample code or replace it entirely.

- Once the market’s legs are priced, YellowJacket will account for products involving ratios and strips. YellowJacket will then aggregate these legs to find the theoretical value and delta, vega, gamma and theta. The aggregated values will be printed in the Quote Console.

SAMPLE WORKBOOK

The sample workbook can be used as a “best practice” guideline but most of it can be changed to suit your needs. In general, the sample workbook works as follows:

- Calls, puts and swap/futures are received on the left hand side of the YJ_Energy tab.

- These calls/puts/swaps/futures are passed through a BS model written in VB.

- Prices and Greeks are returned and aggregated to the right hand side of the YJ_Energy tab and then sent to YellowJacket.

WHAT PART OF THE SAMPLE WORKBOOK CAN I CHANGE?

There are a few ways you can change the sample workbook to use your model and return your prices:

1. You can change the formulas on the right hand portion of the YJ_Energy tab to point to your model instead of the sample BS model or

2. You can do all calculations in VB without ever going to the sheets themselves. To use this method, change the ReceiveMarketDetail method of the YJExcelAppLink VB module. In the sample workbook, this method receives data from the YellowJacket application, writes it to the YJ_Energy tab and returns values to YellowJacket via the SendPriceResponse method but you can change it to return prices direct form VB.

ADDITIONAL INFORMATION OR QUESTIONS

For additional information or questions please email support@yjenergy.com, IM yjshelp using YJEnergy™, or call (770) 738-2101 and choose the YellowJacket support option.