The Success and Failure of Futures Contracts

by

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(ABSTRACT)

The determinants of the success and failure of futures contracts were investigated. The existing literature on the subject was examined yielding two predominant veins of thought; those attributing the determinants of success to the characteristics of the underlying commodity and those favoring the contractual provisions. The two views were compared and contrasted based upon their respective explanatory merits. Both were found to contain explanatory value but failed to offer an all encompassing theoretic approach.

Fifty innovative contracts were examined to categorize the inception behavior of new contracts. The contracts were found to be either very successful, fail miserably, or

experience a period of initial success before abrupt cessation of trading. The reasons for each respective category of behavior were examined and highlighted with case studies.

Those directly tailorable factors contributing to the potential success of a contract were examined in the context of an exchanges' strategy for innovation. The difficulties of using duplicative contracts to capture interest from existing liquid instruments is highlighted.

After developing this solid understanding of contract innovation the existing application of the insurance hypothesis is refuted and an alternate expected money value approach stated. The advantages of this approach and the increased explanatory power are espoused.

ACKNOWLEDGEMENTS

First and foremost I would like to thank the faculty and staff of VPI for their help and support in the completion of this project. Professor Mackay is deserved of special mention both for his impeccable teaching and his continued support and guidance. Fast on the heels of my academic influences are John Gioia and the staff of Robbins-Gioia, Inc. without whom this degree would have been much more difficult to acquire. I would particularly like to thank John Johnston and Kathy Donner for their understanding and consideration while I strived to balance the demands of school and work. Jim Cammisa exhibited the patience of a saint while barraged at all hours of the day and night with my pleas for technical support during the writing process. Also deserving of a mention are: Mike McClintock for his sense of humor and empathetic suffering, Art Solano (Art is art), Durond Brown, Alice Quatrochi, Bob Denk, and Rat Boy, none of whom provided anything tangible to the process, but, none the less made it less painful than it might have been.

Finally a special word for the inner sanctum, those whose lives have become inextricably interwoven with mine and in so

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dedication

for

Dana Rene Kampschror

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INTRODUCTION

The market for futures contracts has been one of the high growth businesses of the 1970s and 1980s. One of the main forces behind the growth of these contracts has been the increased price volatility of the underlying commodities to which these contracts pertain. During the 1970s inflation increased the level and volatility of market interest rates on most fixed income obligations. The demise of fixed exchange rates between the dollar and foreign currencies gave rise to increased exchange rate risk for many market participants. Furthermore, the stock market decline of the mid 1970s and the bull market of the 1980s led market participants to seek new vehicles with which to hedge and manage their investments. This burgeoning demand has led to the inception of a great many new futures contracts.

The wake of innovation has brought both dramatic success and dismal failure. The survival of newly innovated contracts has been unpredictable at best. Many newly instituted contracts based upon previously successful contractual forms, and similar commodities, have failed dismally. These results have perplexed exchange officials and economists alike,

fostering a wealth of contradictory literature, serving only to cloud the issue still further.

This thesis is an attempt to determine the factors contributing to the success and failure of futures contracts. To do so it is first necessary to examine the constructs of futures contracts and the underlying motivations which constitute the foundations for these contractual forms. Having illustrated the basic constructs of futures contracts and the functions served by their trading we will examine the comparative strengths and weaknesses of the two predominant veins of thought from the literature pertaining to the success and failure of futures contracts. The actual explanatory powers of these two hypotheses will be tested in relation to fifty innovations selected across exchanges and commodities. This data will be represented in a graphical format to facilitate the isolation of trends in market reception. Case studies of interesting innovations will be studied to further illustrate the explanatory powers of the contemporary explanations.

After presenting the analysis of inception behavior we will examine the factors contributing to contract success. This will provide a basis for the examination of the various

types of contract innovation and the strategies the exchanges utilize to institute new contracts and capture market share. Based upon the data analysis and the factors highlighted by the innovation strategies we will again test the explanatory powers of the contemporary views of contract success and failure. Finally an alternative hypothesis of contract success will be posited couched in terms of marginal benefit of duplicative contracts when examined in an expected monetary value context.

CHAPTER I

The Structure of Contracts and the Nature of Markets.

A. THE ROLE OF FUTURES CONTRACTS

A futures contract is essentially nothing more than an agreement between two parties, one committing to sell and the other commiting to buy a commodity or a security at a predetermined price on a specified future date. Futures are traded for a variety of reasons. Many businesses use futures to hedge against price risk of raw materials, inventories, security prices, interest rates, or exchange rates. Speculators trade futures in the hope of profiting from subjective evaluations of potential future price movements. Arbitragers trade simultaneously in futures and underlying commodities to profit from price discrepancies between the futures and cash markets.

B. THE NATURE OF THE MARKET

Formalized futures markets have been operating in the United States since the mid nineteenth century but, trading was largely limited, until the 1970s, to agricultural commodities such as corn, wheat, and soybeans and precious metals such as silver, gold, and platinum. A contractual renaissance occurred during the 1970s and early 1980s with the inception of contracts on financial instruments such as interest rates, foreign exchange, treasury bills, stock indices, and mortgage backed securities. The financial contracts have been successful from the first and now represent the highest volume segment of the futures market. The 1980s also saw the inception of contracts on a variety of petroleum products including heating oil, crude oil, and gasoline and now represent a sizable portion of the daily open interest.

Table 1 represents the trading statistics by major contract group for all markets combined for the period 1983 - 1989. Figure 1 depicts the shift in distribution of trading interest from the traditional precious metal and agricultural commodities to the newly innovated contracts on financial instruments and petroleum products. Figures 2 & 3 expand on

Table 1

Futures Contracts: Trading Statistics by Major Groups, All Markets Combined

Fiscal Year	Total	Grain	Oilseeds/ Products	Livestock/ Products	Other Agricultural	Energy/Wood Products	Metals	Financial Instruments	Currencies
Average Monthend Open Interest (In Contracts)									
1983	1,603,818	264,859	215,929	119,160	159,523	57,916	335,174	332,588	118,669
1984	1,779,206	291,083	223,056	104,286	172,015	75,613	360,888	371,330	180,935
1985	1,758,371	212,157	173,058	100,667	159,742	97,810	350,531	523,301	141,105
1986	1,973,043	200,054	183,495	107,708	171,371	145,815	328,101	665,617	170,882
1987	2,370,625	197,679	216,076	137,866	157,371	277,783	362,709	840,018	181,123
1988	2,827,974	280,761	288,187	145,246	242,857	304,131	303,305	1,059,898	203,589
1989	3,170,803	308,792	254,931	143,014	262,714	344,208	322,559	1,336,012	198,573
Number of Contracts Traded									
1983	136,077,049	17,793,846	19,823,188	11,062,975	6,323,575	3,204,209	26,316,268	40,154,894	11,398,094
1984	148,822,234	15,889,408	23,488,506	8,429,245	5,958,457	4,945,907	22,446,535	51,003,284	16,660,892
1985	152,589,653	10,726,379	14,883,445	7,925,991	5,140,901	7,025,002	18,383,469	72,127,016	16,377,450
1986	183,098,076	10,315,267	13,798,988	8,571,157	6,699,770	11,530,975	16,233,964	96,886,878	19,061,077
1987	213,546,854	10,944,716	14,151,700	8,755,283	5,719,074	20,306,103	19,426,457	114,336,601	19,906,920
1988	241,760,755	15,908,256	22,486,694	9,561,778	9,763,731	26,271,365	18,937,976	117,646,562	21,184,393
1989	267,658,390	15,920,321	21,104,497	8,185,955	10,749,030	31,343,764	17,941,194	136,729,387	25,684,242
Number of Contracts Settled by Delivery/Cash Settlement									
1983	806,308	73,394	188,454	8,740	23,086	24,848	305,855	116,066	66,065
1984	1,208,102	109,644	438,441	10,265	21,437	39,858	284,614	161,284	142,559
1985	1,170,428	133,794	192,502	15,068	27,641	56,898	242,871	341,328	160,326
1986	1,246,836	67,983	174,492	8,745	30,761	43,139	234,069	447,756	239,891
1987	1,318,906	64,986	120,763	11,106	26,815	47,417	235,795	518,365	293,659
1988	1,535,817	109,261	155,727	17,299	35,494	34,245	222,014	567,347	394,430
1989	1,742,040	57,424	176,140	12,171	42,251	38,355	180,708	854,536	380,455

Source: Commodity Futures Trading Commission

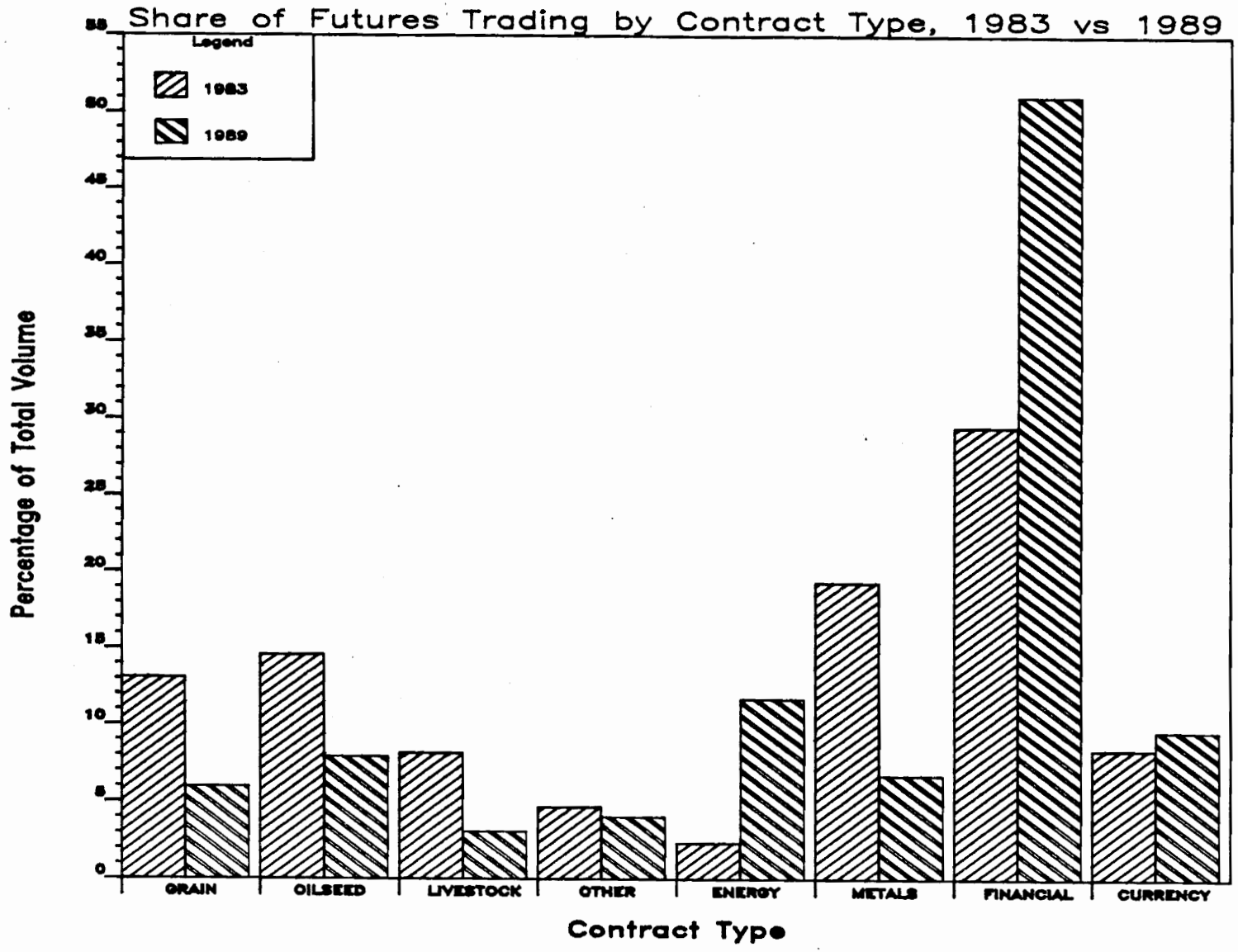
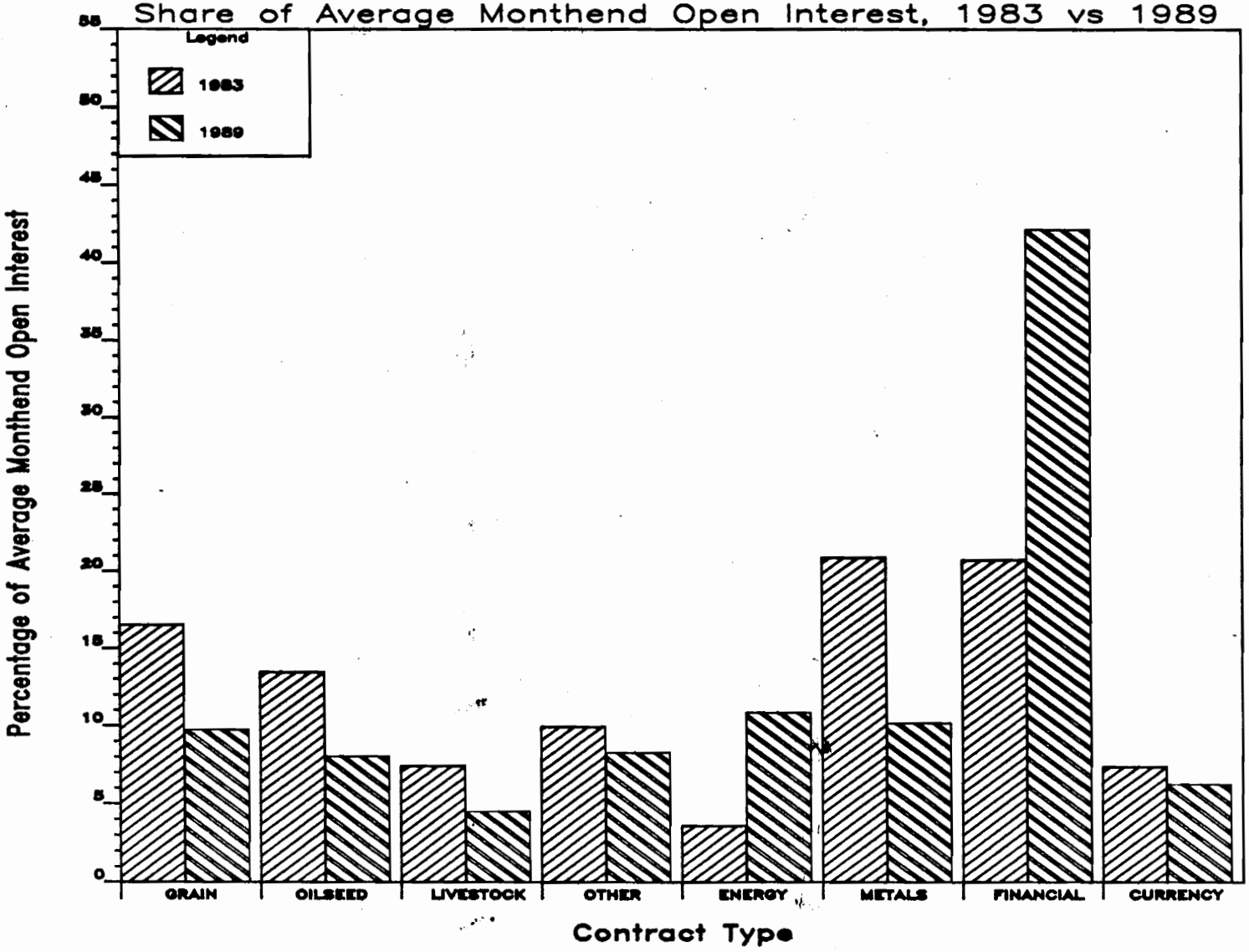


Figure 1

Source: Futures Industry Association



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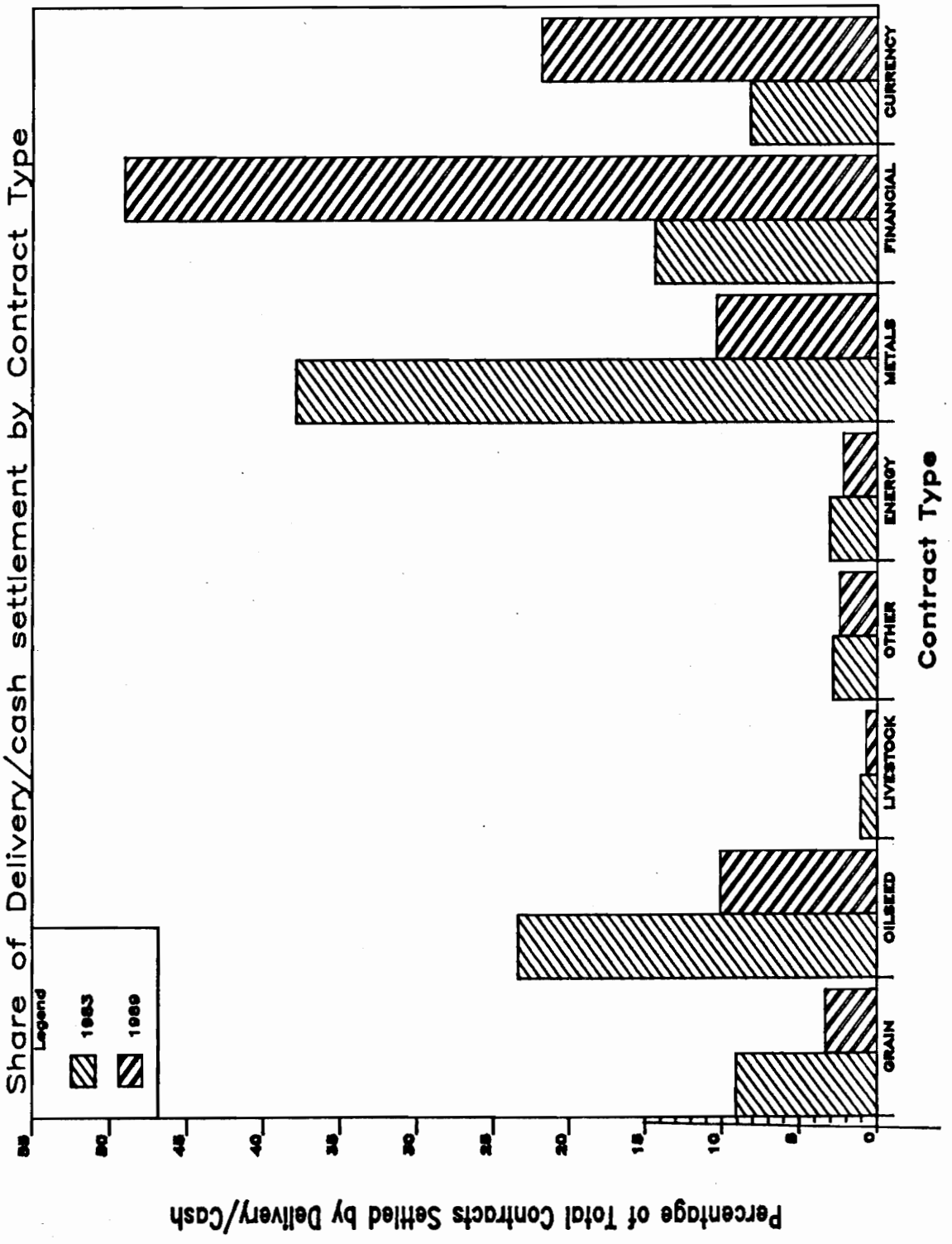

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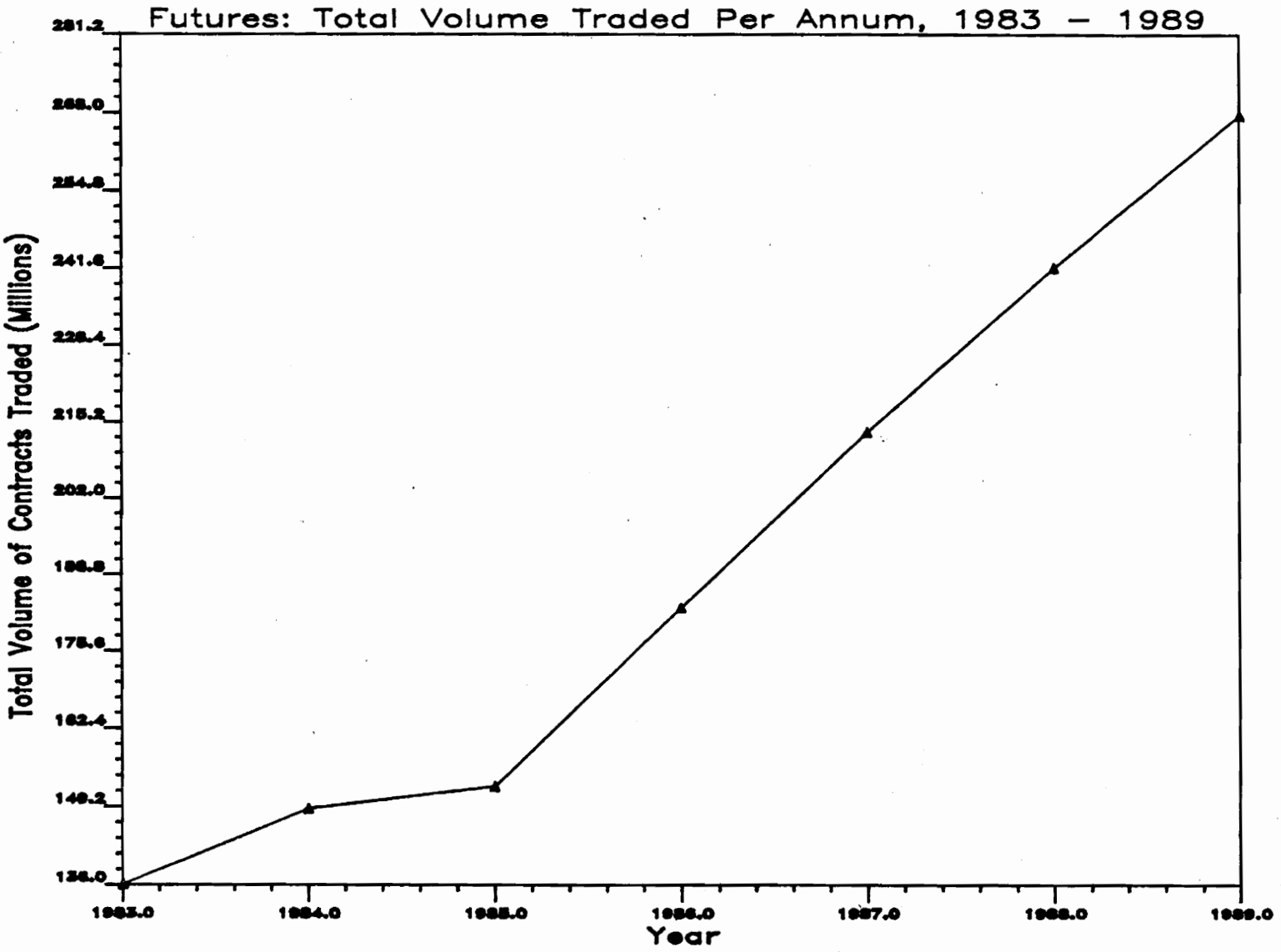

Figure 4

Source: Futures Industry Association

Figure 1 breaking the data out by average monthend open interest and the proportion of contracts settled by delivery / cash settlement. Figure 4 graphs the annual increase in futures trading volume from 136 million contracts in 1983 to 267.6 million contracts in 1989. Financial futures alone increased from thirty-eight percent of total volume traded in 1983 to fifty-two percent in 1989. This increase was due largely to the dramatic growth of interest rate futures. Petroleum futures grew at a more sedate rate from two percent of total volume in 1983 to twelve percent in 1989. Agricultural and precious metals contracts suffered the most significant loss of ground during this period. The respective trading volume impacts are graphed in Figures 5 thru 12.

This period of contractual innovation and market growth has led to a very diverse marketplace. Appendix 1 lists all contract designations that have traded on domestic futures exchanges, by category, and their current status. This explosion or proliferation of futures trading is due largely to the changes in the economic climate during the 1960s and 1970s. Increased volatility and interest rate risk in the financial markets and turmoil in the world energy markets

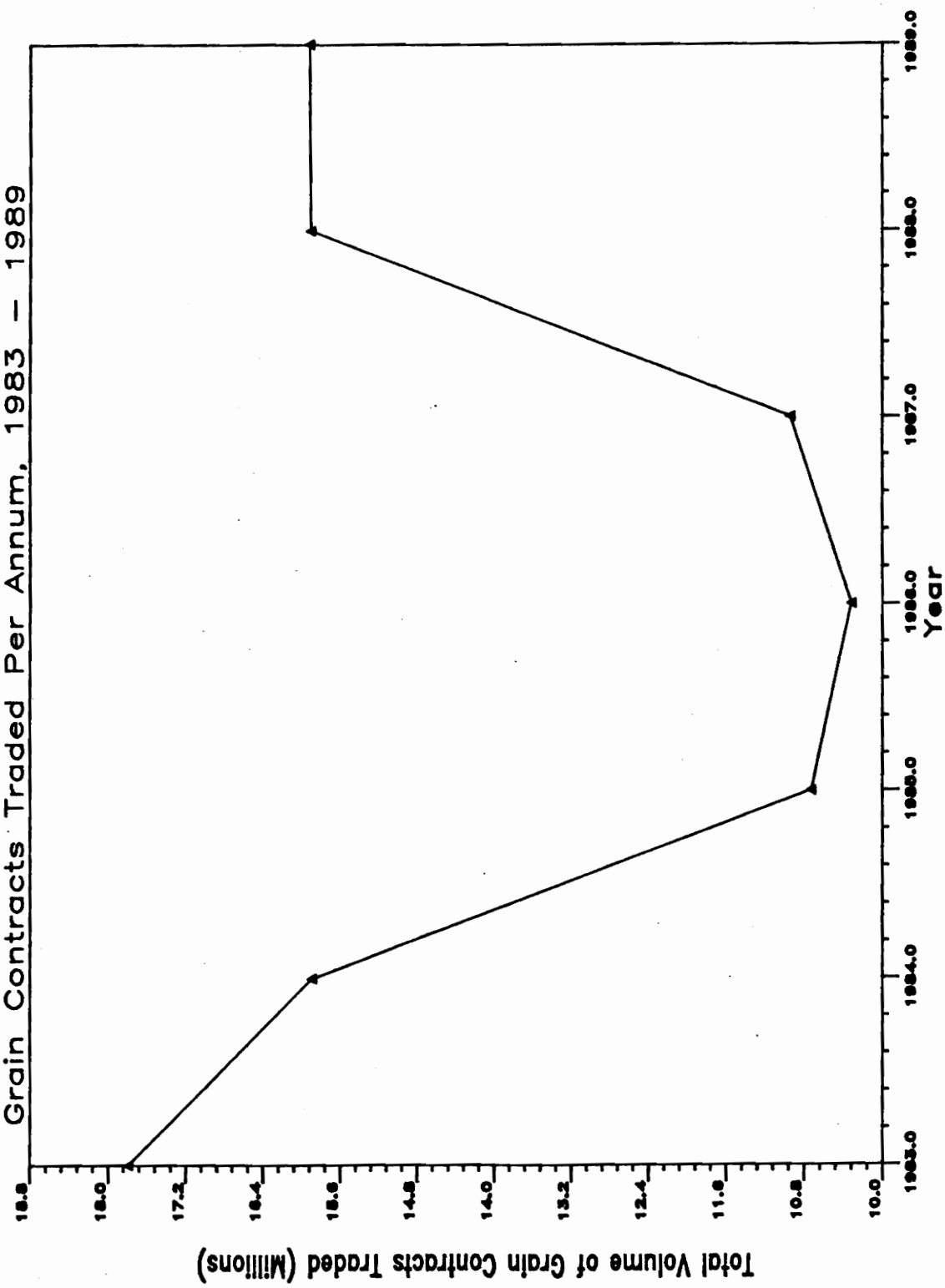

Figure 5

Source: Futures Industry Association

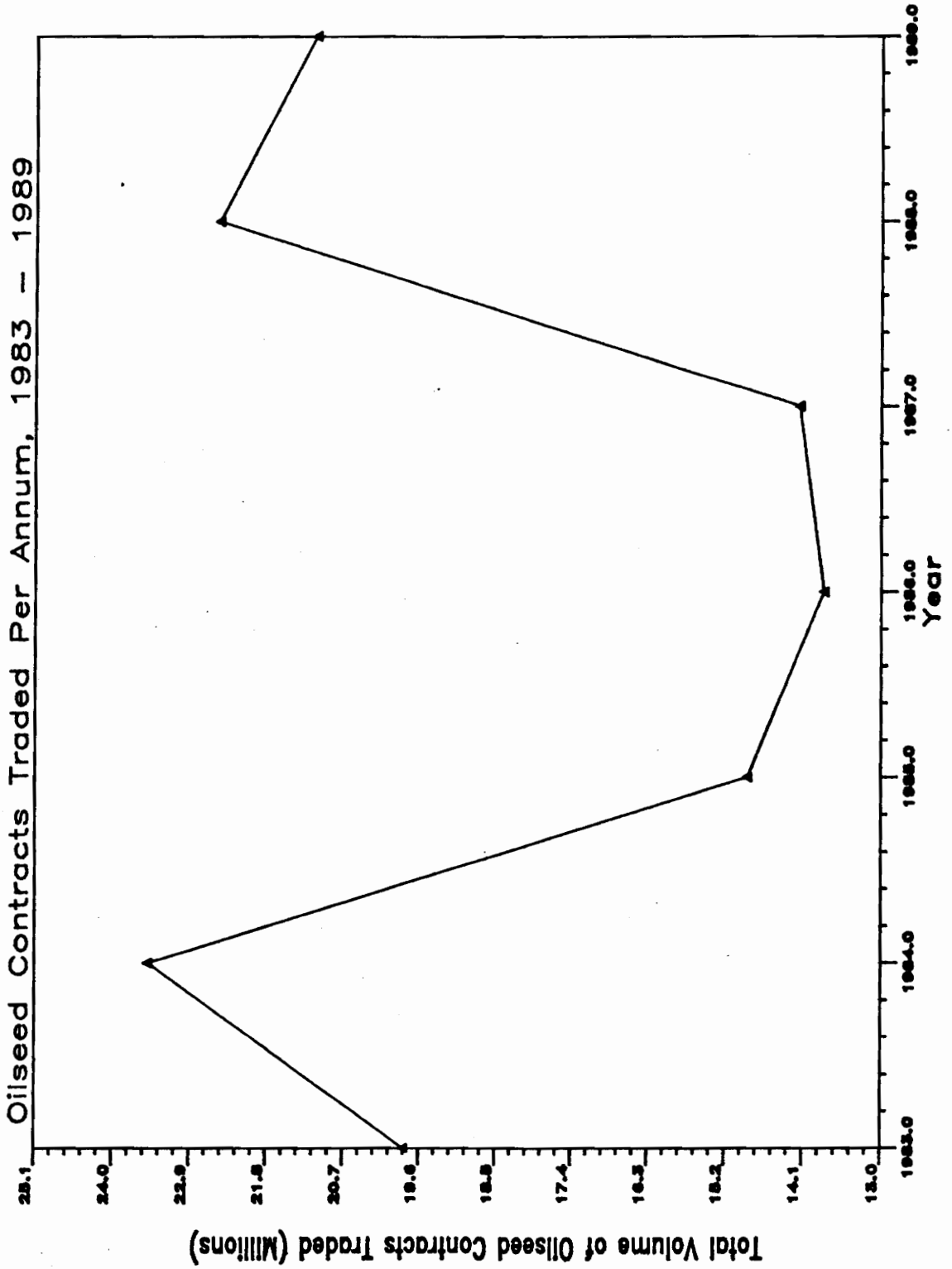

Figure 6

Source: Futures Industry Association

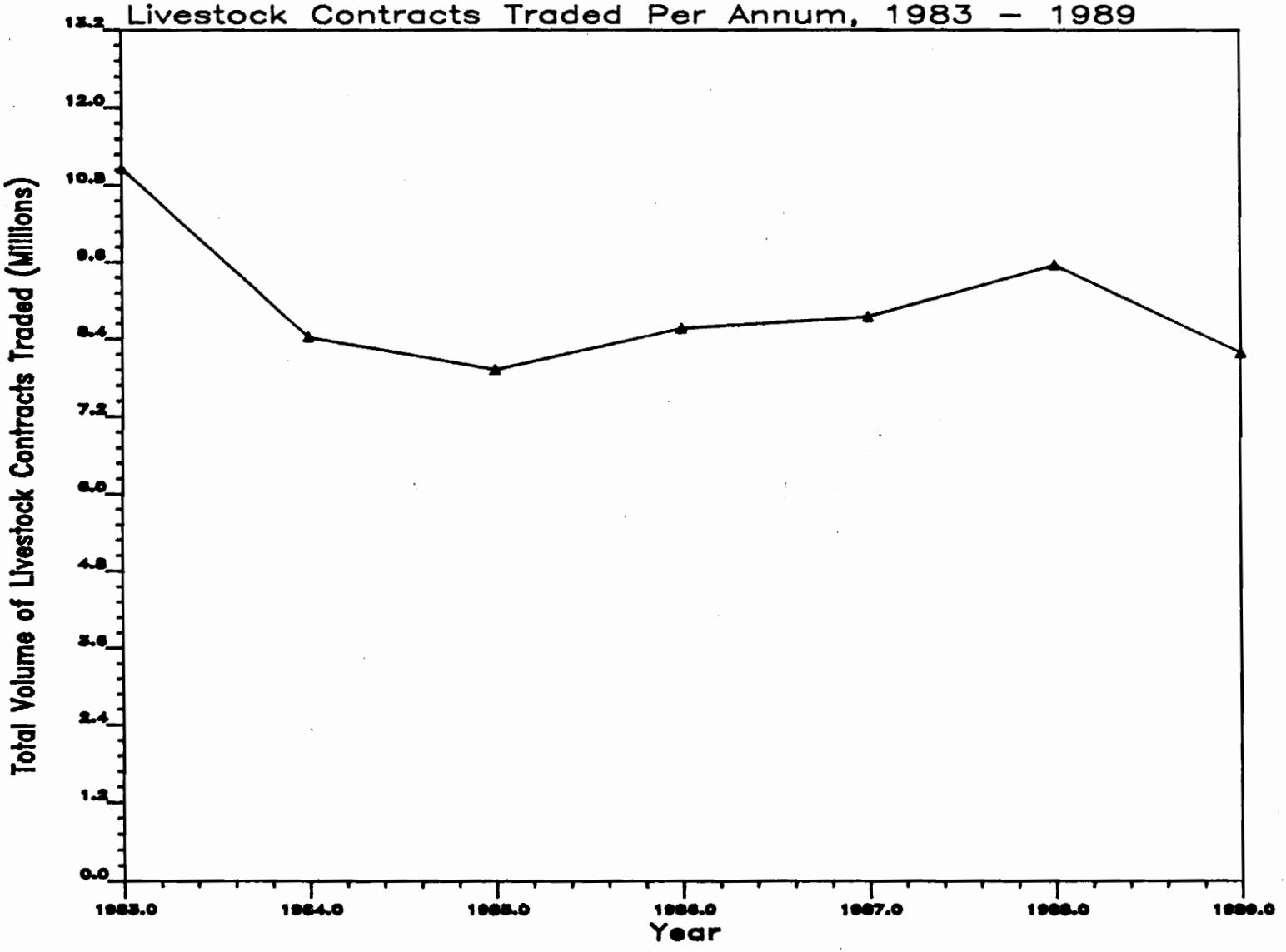

Figure 7

Source: Futures Industry Association

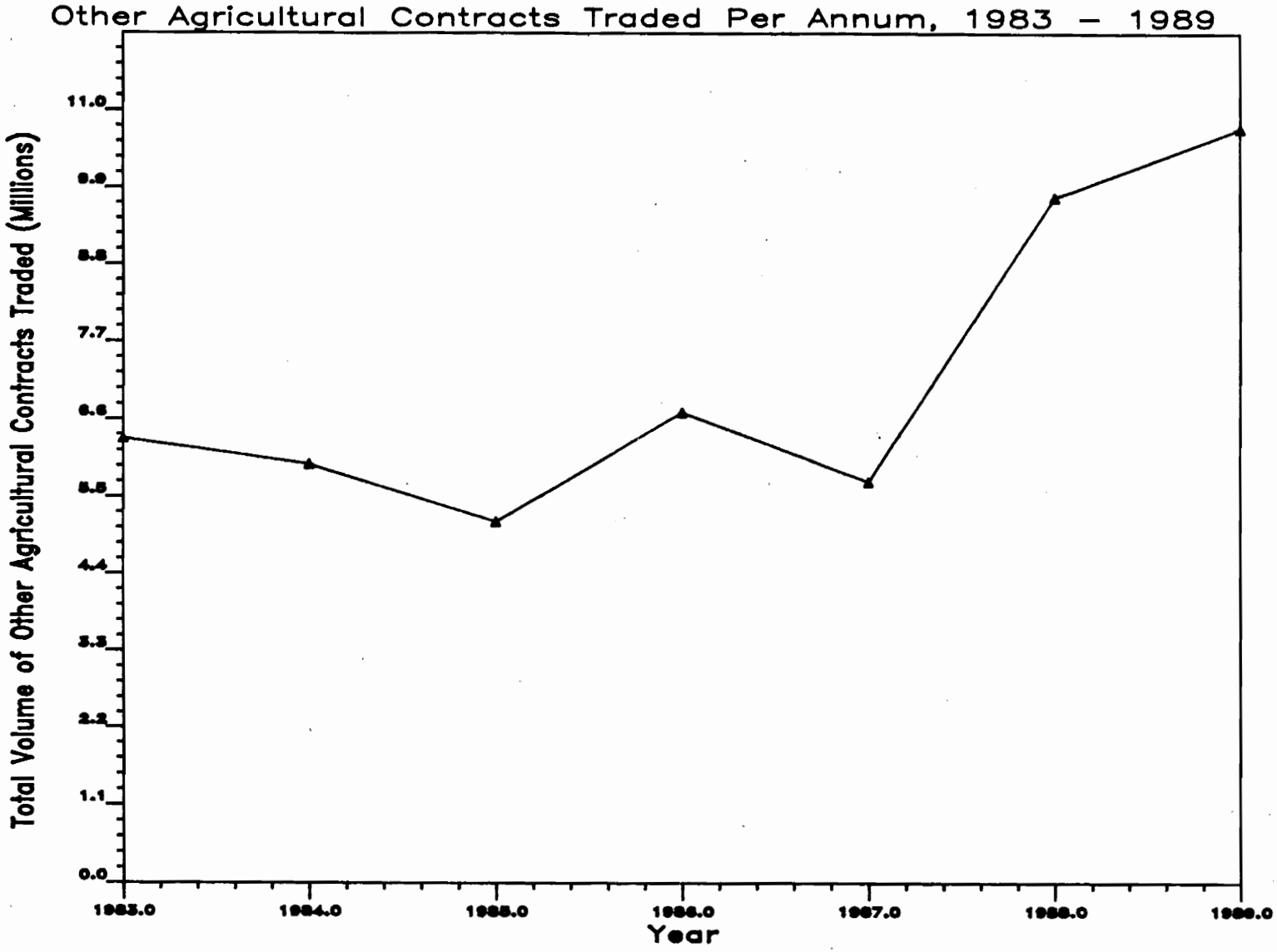

Figure 8

Source: Futures Industry Association

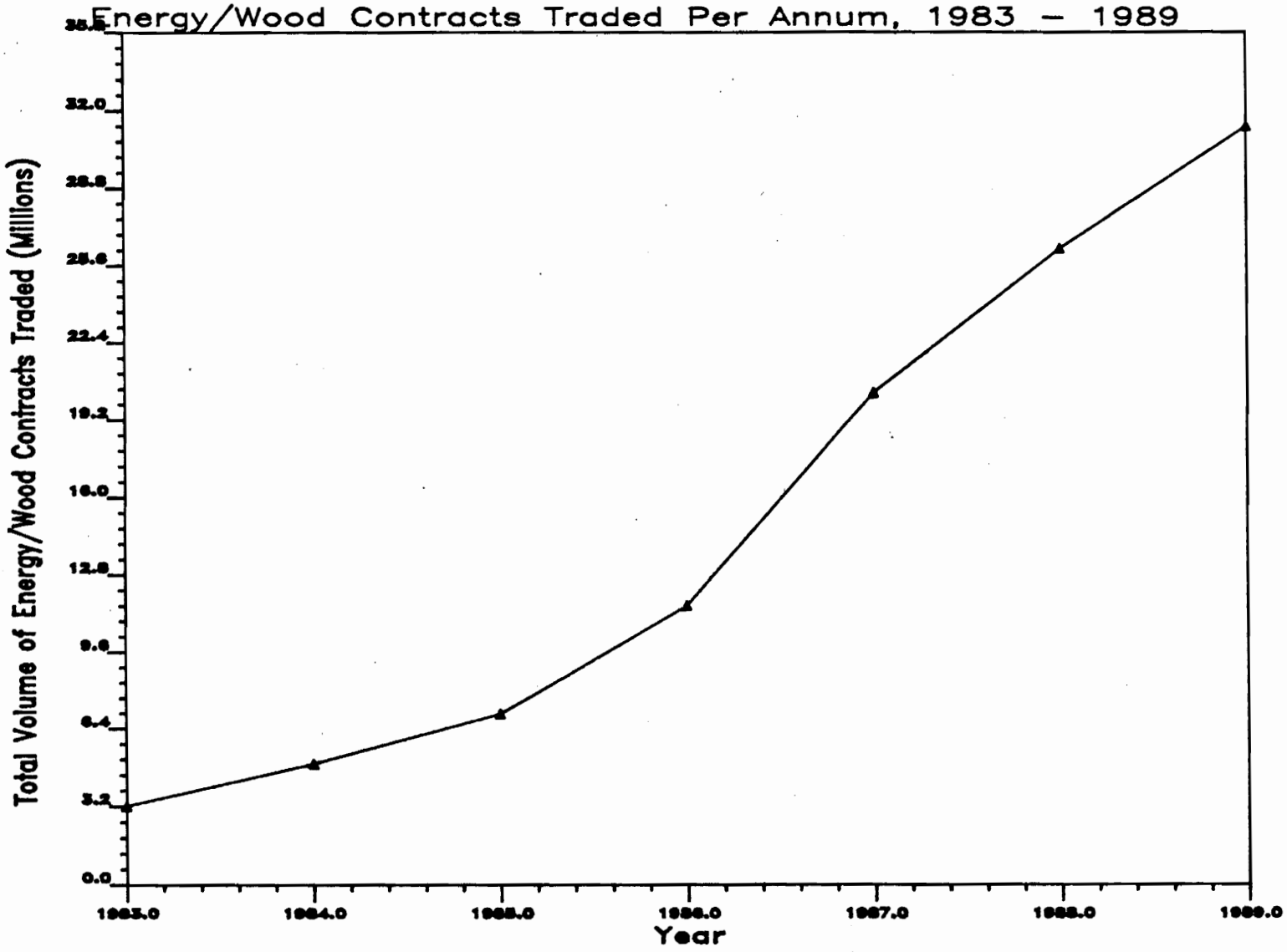

Figure 9

Source: Futures Industry Association

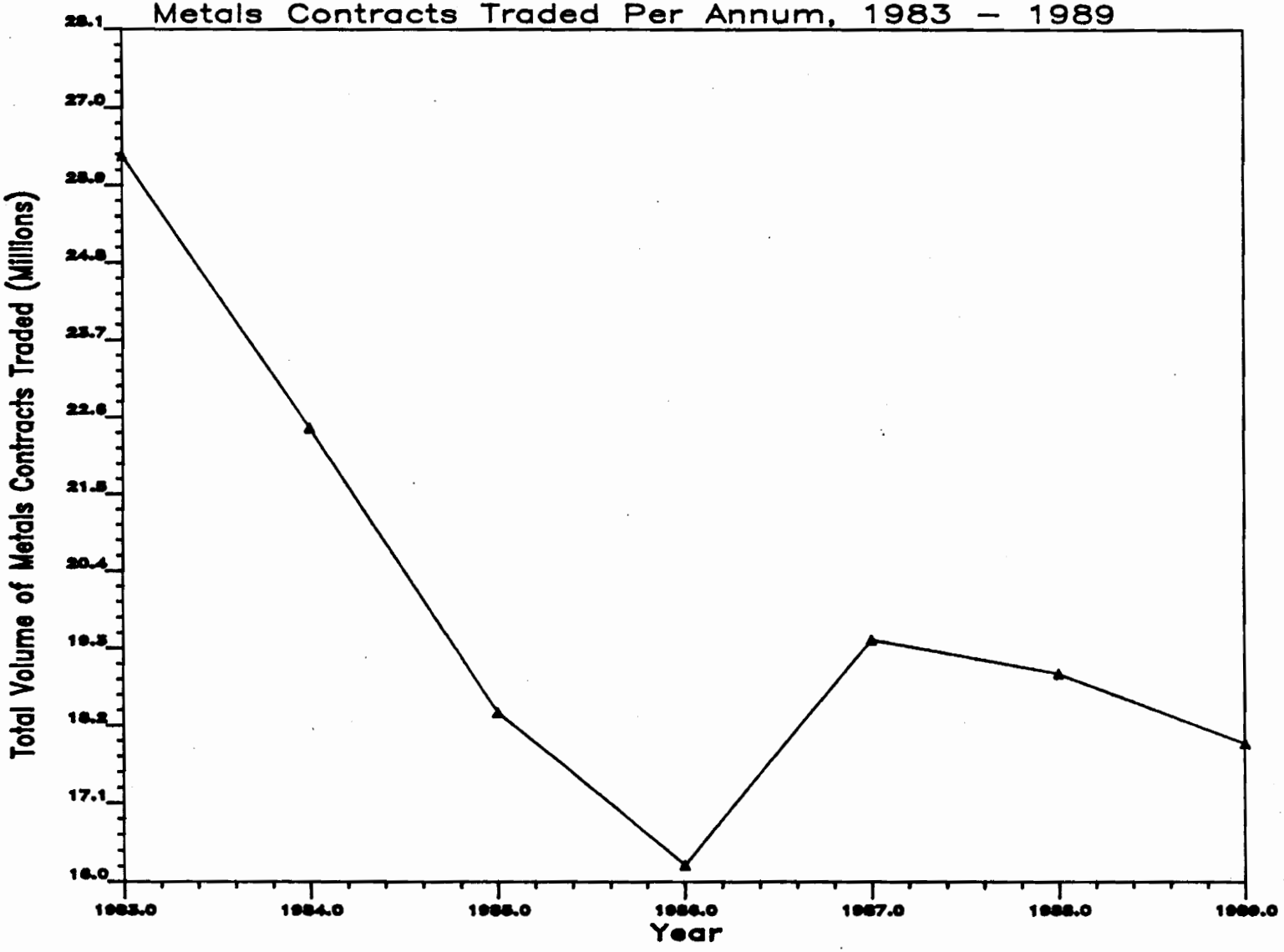

Figure 10

Source: Futures Industry Association

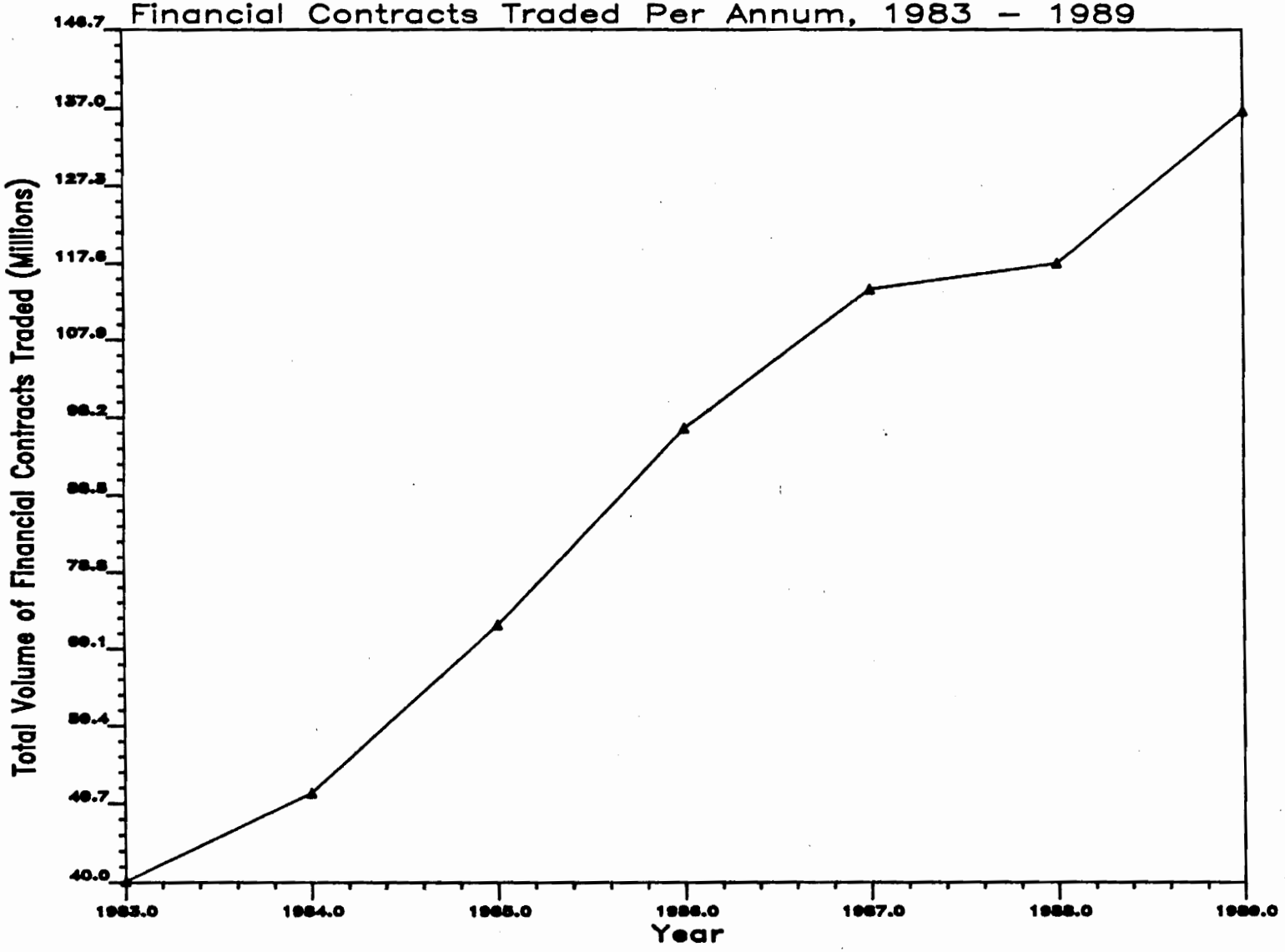

Figure 11

Source: Futures Industry Association

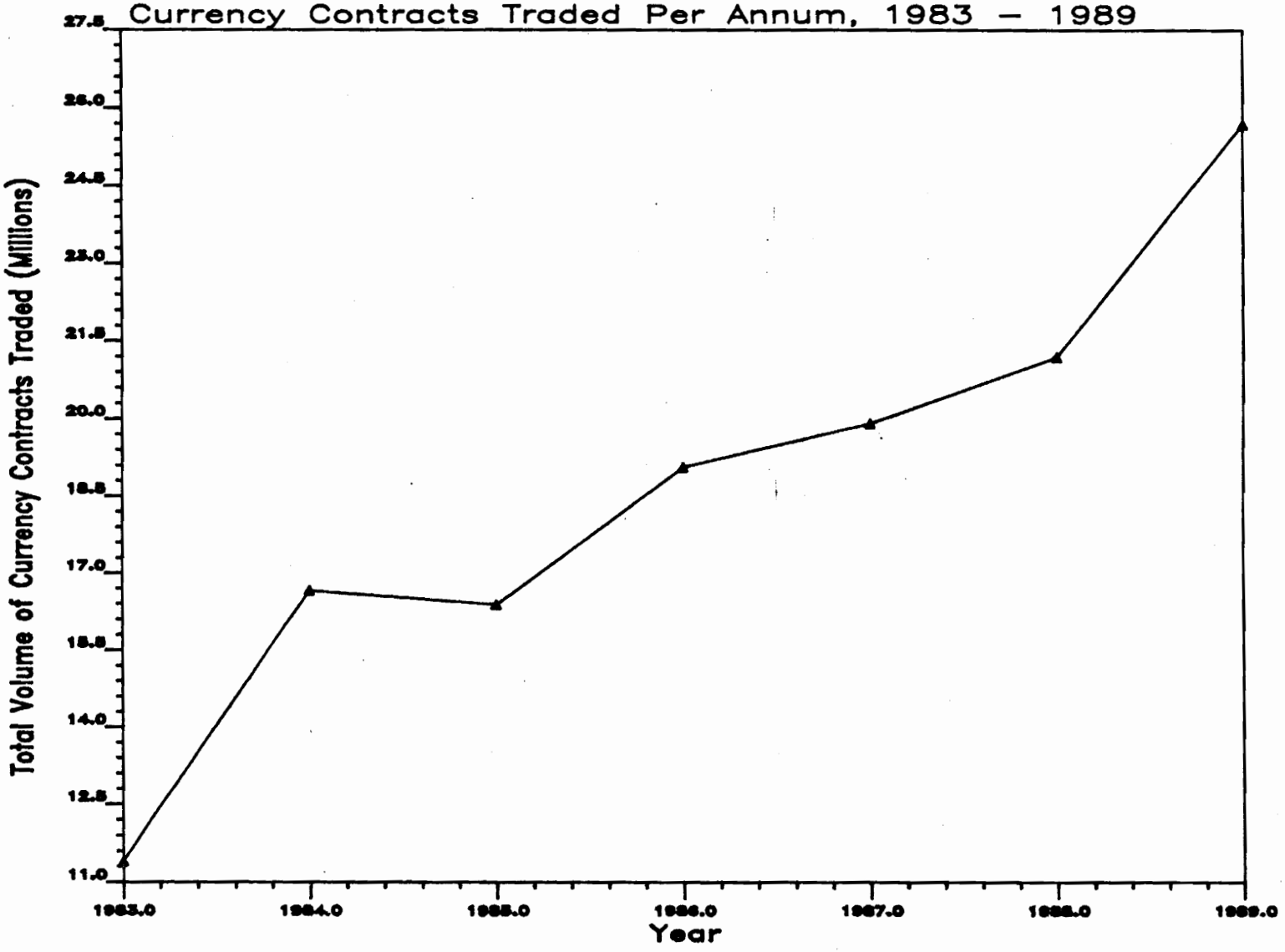

Figure 12

Source: Futures Industry Association

stimulated investor's interest in hedging vehicles, yet, simultaneously increased opportunities for arbitrage and speculation. The proliferation of new futures contracts provided ideal vehicles for individuals and institutions wishing to explore such opportunities.

C. THE FORWARD PRICING FUNCTION

1. Forward Contracts

Despite the rapid growth and diversification of futures markets their primary purpose remains the same as it has been for the past one hundred and fifty years; to provide an efficient and effective mechanism for the management of price risk. This is accomplished through the forward pricing function of futures contracts. The forward price is an expression of the value of a commodity that is to be delivered at a future date. The forward price of a commodity will fluctuate in response to changing expectations of the price the commodity will command at the future date. The forward price for a commodity provides the basis for a forward contract. The forward contract is the fundamental building block upon which futures markets are based and is essentially a formal agreement between two parties concerning the forward

price of a particular commodity. The terms of the contract include the quantity to be delivered, the quality of the deliverable, the date and place of delivery. Thus the forward contract represents a contractual obligation between two parties to make and to take delivery of a specific quantity and quality of a commodity at a specific location and future time. The creation of the contract allows the seller to pass onto the buyer the price risk associated with the ownership of the commodity.

The problem with forward contracts is that their practical utility for risk management is limited by lack of liquidity. If the buyer's view of prices changes he must find a speculator willing to purchase the contract or be obligated to wait and buy the commodity at the delivery date. The buyers and sellers are inhibited by the contract's illiquidity and thus lack the flexibility to deal with both changing delivery requirements and changing price expectations. Hence forward contracts are most useful when it is unlikely that changing price outlooks or delivery needs would make it appropriate or necessary to transfer or liquidate on short notice. The usefulness of forward contracts would increase dramatically if they possessed greater liquidity.

2. Futures Contracts

Futures contracts are essentially forward contracts that, to promote liquidity, have been highly standardized. This standardization includes strict guidelines for the characteristics of the commodity, the place of exchange, and the procedures of trade. This standardization facilitates the settlement futures contracts through offset. In settling by offset, a trader simply enters an order to sell the contract he is long or buy back the contract he is short. The difference in value between the time the contract was first entered into and its value at liquidation is then credited or debited from his account. Settlement by offset makes futures contracts a viable speculative instrument. It also allows commercial entities to utilize futures contracts as a temporary hedge without adding to or drawing down inventory.

In terms of standardized commodity characteristics, futures contracts specify strict parameters for the size, quantity, grade of commodity, and delivery dates while forward contracts are customized to meet the individual needs of the respective parties. Futures contracts are traded on established centralized exchanges, while forward contracts are

traded on an ad hoc basis by individuals who are not necessarily in the same location. According to the rules of the exchange, trading may take place only during the official hours for the exchange in the designated trading areas called "pits". In contrast to the specialist trading system used by stock exchanges, futures contracts are traded by a system of "open outcry." Under this system, any offer to buy or sell must be made to all traders present in the pit, a trade is consummated when two traders agree to take opposing sides at a given price for a specified commodity. Market participants realize gains or losses differently under a futures contract than under a forward contract. The gains or losses under a forward contract are realized upon contract expiration. In contrast, participants in the futures market realize gains or losses on a daily basis. This system of daily settlement is known as marking to market and is implemented through an intermediary clearing house.

While marking to market on a daily basis may seem to be a cumbersome process it provides the organized trading of futures contracts with distinct benefits over the trading of forward contracts. First, market participants are free from the worry as to the credit risk of the party holding the

opposing contractual position as the intermediary clearing house bears the obligation of meeting the opposing position and maintains cash reserves to do so.

Second, because losses are paid from margin on a daily basis the clearing house can monitor participants and close a party's position should they fail to meet daily margin requirements. A Party to a forward contract need not realize losses until contractual maturity and at such point may declare insolvency if losses are beyond the individuals means.

Third, with a forward contract an opposing position must be taken if a participant wishes to absolve himself of responsibility. Thus, two positions must be held until expiration and any gains are locked in until maturity. With futures contracting, however, the gains or losses are realized on a daily basis. A party entering an offsetting futures position will have zero net cash flow. The clearing house realizes this and simply closes a party holding both short and long positions.

D. THE SUCCESS AND FAILURE ISSUE

The question posed by these facts is why, then, with such degrees of standardization, aimed at promoting trading

flexibility, and such strong avenues of information dissemination, is there an unpredictable success rate for new contracts?. The question becomes more pronounced when considering actual commodity trading histories. Take, for instance, the disparity in volume of pork belly (bacon) contracts verses that of skinned hams. In 1967 pork bellies traded over one million contracts yet hams traded only 425. hams and pork bellies are "approximately equal in value and price volatility"[1] so, at least superficially, they are a very similar product. The explanation may lie in the variability of grade that typifies agricultural commodities, yet that explanation is not readily transferable to commodities immune to such variability. Take the case of treasury note futures. The Chicago Board of Trade has implemented treasury note futures in three different maturity ranges; 2 years, 4 to 6 years, and 6.5 to 10 years, each with a differing degree of success. The 2 year note traded for three months in 1983 with a total volume of less than 600 contracts. The 4-6 year contract lasted two years trading 15,000 contracts. The 6.5 - 10 year contract traded 30,000 contracts on its first day of trading.

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[1] Hieronymous, Thomas A. [1977], Economics of Futures Trading for Commercial and Personal Profit, 2nd Edition p. 19

Several scholars have attempted to analyze individual contract success and failure but tend to focus on commodity specific prescriptions. Studies of frozen pork bellies, live hogs, plywood, gold, silver, and Government National Mortgage Association (GNMA) contracts cite particular contract provisions such as delivery specifications and contract size as the critical factors in determining success. If these hypotheses are correct and the success of a futures contract is indeed dependent solely upon the contractual provisions, it seems logical that problems with similar commodities, such as pork bellies and skinned hams, can be rectified through mirroring the successful contract terms in those of the failing contact. Clearly if this were the method of success, contract innovations would not be prone to such a painful birthing process.

CHAPTER II

Review of the Success and Failure Literature

A. COMMODITY CHARACTERISTICS VS CONTRACTUAL PROVISIONS

From the literature, the more general hypotheses of successful contract innovation seem to be divided into two veins of thought. One vein directly attributes contract success to the characteristics of the underlying commodity and relies on appropriate selection criteria as being precursors to success. Over time a great many of the supposed "essential" commodity characteristics have been repudiated by advances in technology or by contractual provisions expressly designed to circumvent inherent flaws in the physical commodity. For example advances in refridgeration techniques helped eliminate storability as a major concern in selecting a viable commodity. Similarly, the computation of a relative index to price a diverse portfolio is stocks eliminated the tremendous difficulties in deliverability inherent in a

portfolio based contract. This lends credibility to the notion that a synthesis of these views is in order.

B. THE ROLE OF HEDGING AND SPECULATION

To fully explore such a synthesis of views it is necessary to begin with an examination of the elemental connection between futures contracts and hedging. The term hedging is usually defined as the action of a producer attempting to reduce the risk of price fluctuations, inherent in a cash commodity, by taking offsetting positions in futures contracts. Hedgers provide the bulk of contract volume[2]. The contracts attracting a significant hedging interest will draw speculators to invest in the contracts in the hope of profiting from the very price fluctuations the hedgers hope to negate.

The speculators, although seemingly adjunct, provide the liquidity that enables hedgers to put on and take off hedges

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[2] Working, Holbrook [1953], "Futures Trading and Hedging", American Economic Review, Vol. 43, No. 3, p. 314-343

Working, Holbrook [1954], "Whose Markets? Evidence on Some Aspects of Futures Trading", Journal of Marketing, Vol. 19, No. 1, p. 1-11

at relatively low cost[3]. Newly innovated futures contracts tend to lack the requisite liquidity with a resultant inhibition of contract growth stemming from the relatively high cost of hedging. Thus, a new futures contract may offer improved risk reduction but carry a high liquidity cost for the potential hedger. The hedger will compare the expensive direct hedge offered by the new contract with the lower liquidity cost of the inferior risk reduction yielded through cross hedging with an existing close substitute futures contract. Therefore, it may prove advantageous to cross hedge in a closely related commodity rather than use the newly innovated direct hedge. Thus existing cross hedges may doom new contracts to failure because the small amount of risk reduction afforded by the new contract is outweighed by the relative illiquidity of the new contract. An example of this behavior may be seem in the inception of a contract for the producers of Pacific Northwest Wheat. Holbrook Working directly attributes the failure of the contract to the hedgers

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[3] Gray, Roger W. [1960], "The Importance of Hedging in Futures Trading and the Effectiveness of Futures Trading for Hedging", in Proceedings of the Futures Trading Seminar (1959), Vol. 1. History and Development (Chicago Board of Trade) p. 195-240

Working, Holbrook [1967], "Tests of a Theory Concerning Floor Trading on Commodities Exchanges", Food Research Institute Studies, Vol. 7, reprinted in Selected Writings of Holbrook Working, (Chicago Board of Trade) p. 195-240 Working, Holbrook [1970], "Economic Functions of a Futures Market", in Futures Trading in Livestock - Origins and Concepts, ed. Henry H. Bakken, (Chicago Mercantile Exchange) reprinted in Selected Writings of Holbrook Working, (Chicago Board of Trade) p. 267-298

of Pacific Northwest wheat who continued to use the more liquid Chicago No. 2 soft red wheat contract[4].

The importance of attracting hedging and speculative interest is apparent from this discussion as are the factors stimulating hedging interest. The motivations of speculators are, however, somewhat more difficult to summarize. Kaldor asserts

> the two main conditions that must be present "in normal circumstances in order that [a commodity] be the object of speculation [are the existence of] a perfect or semi-perfect market and low carrying cost". He states further that "If carrying costs are high or the market is imperfect, and thus there is a large difference between buying and selling price, speculation becomes too expensive to be undertaken"[5]

C. SYNTHESIS OF COMMODITY AND CONTRACT HYPOTHESES

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[4] Working, Holbrook [1953], "Futures Trading and Hedging", American Economic Review, Vol. 43, No. 3, p. 314-343

[5] Kaldor, N [1961], "Speculation and Economic Stability," Review of Economic Studies, Vol. VII, 1939 reprinted in The Economics of Futures Trading p. 113, Goss and Yamey Eds (John Wiley & Sons, New York)

The presence of these two conditions of a perfect market and low carrying costs presupposes a number of attributes which only a limited number of goods exhibit concurrently. The following list of attributes are considered crucial for qualifying a commodity for futures trading. The list is adapted from works by Kaldor[6], Baer[7], Kohls[8], and Sandor[9].

- The good must be storable
- The good must be fully standardized
- The good must be subject to price fluctuation
- The good must be in demand with a competitively determined price

1. Storability

The storability of a commodity has been viewed by many researchers as being a fundamental consideration when determining the criteria for a successful futures contract.

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[6] Kaldor, N. [1961], "Speculation and Economic Stability," Review of Economic Studies, Vol. VII, 1939 reprinted in The Economicsof Futures Trading p. 113, Goss and Yamey Eds (John Wiley & Sons, New York)

[7] Baer, Julius B. and Woodruff, George P. [1929], Commodity Exchanges, (Harper & Brothers, New York)

[8] Kohls, Richard L. [1967], Marketing of Agricultural Products, Third Edition. (MacMillan Company, New York)

[9] Sandor, Richard L. [1973], "Innovation by an Exchange: A case Study of the Development of the Plywood Futures Contract",Journal of Law and Economics, Vol. 16, No. 1, p. 120

This is due to the function played by futures contracts in the temporal allocation of stocks. Holders of a large stock have the choice of selling now or holding and selling later only if the commodity is not susceptible to deterioration in the interim period. Thus futures contracts become an integral part of the storage decision by providing a hedge against price change.

The advance of technology and the implementation of contractual provisions have helped to largely remove storability as a major factor contributing to the success of futures contracts. Refrigeration has made possible the introduction of futures contracts on previously perishable commodities such as eggs, butter, and pork bellies.

Another factor eliminating the storability factor has been the realization of the forward pricing function of futures contracts separate from the inventory guiding role. "[The] ... futures price [for a particular commodity] provides an estimate of the cash price for [that] ... commodity in the upcoming month ... when there are no stocks held for subsequent sale and consumption."[10] The ability to generate

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[10] Tomek, William G. and Gray, Roger W. [1970], "Temporal Relationships Among Prices on Commodity Futures Markets: Their Allocative and Stabilizing Roles", American Journal of Agricultural Economics, Vol. 52, No. 3, (August)

futures prices without current inventory suggests new commodities for potential contracts. Among the obvious categories are seasonally produced discontinuous inventory commodities, such as potatoes, and continuously produced nonstorable commodities such as live animals and fresh eggs. These commodities demonstrate that contracts can be drafted for future delivery, even though they may not be currently in inventory, as long as they become available through production. This illustrates the way in which contractual provisions may work around the chronological availability of a commodity. Storability issues still affect contract design. In the design of the GNMA futures contract specifications devote great attention to the storage and exchange of paper[11]. This may be contrasted with the Standard and Poors 500 contract which circumvents the storability, and incidentally deliverability, problems through the computation of a relative index[12]. Thereby eliminating the complex storage problems that would be inherent in a portfolio based contract.

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[11] Application of the Chicago Board of Trade for Designation as a Contracts Market for GNMA Mortgage Backed Securities. Staff Document; Commodity Futures Trading Commission

[12] Application of the Chicago Mercantile Exchange for Designation as a Contracts Market for Standard and Poors 500 Stock Price Index. Staff Document; Commodity Futures Trading Commission

2. Standardization

The distinguishing feature of futures contracts developed for trading on organized exchanges is the specification of a standard commodity for trade. The commodity underlying a futures contract must satisfy an established description. This provision has been introduced in an attempt to eradicate the adverse selection and monitoring problem inherent in commodity trading. This problem stems from the underlying commodities typically lacking an inherent degree of homogeneity. For example, metals vary in degrees of purity, grain varies in grade, and financial instruments vary in dollar value and maturity. The buyer can be seen to be subject to the risk that he may be delivered an unwanted grade of commodity (the seller conversely has an incentive to deliver the lowest grade available) at an inconvenient time or place. [A futures contract is not the ideal vehicle for the acquisition of goods.] With the inception of well defined grading guidelines units can be viewed and traded as homogenous.

This is not to imply that a commodity is to be specified as type "A", grade "1", and volume "X" with no options. A futures contract in which the seller has no options on grade,

date, or place of delivery is undesirable at best. Under these circumstances a buyer could accumulate large holding contracts of a particular maturity and at the same time gain control of the major part of the physical commodity available for delivery. These actions would squeeze sellers contracts as the delivery date approached. The resultant increase in actual and futures prices would disrupt the market. The net effect would be for the buyer to extract greater than competitive profits from the seller and drive the remainder of the players from the market.

Contracts are drawn in broader terms of sellers options with the aim of making it more difficult for such manipulation to occur since the volume of eligible supplies is increased. The introduction of grade and delivery options with a system of discounts and premiums seems designed primarily to reduce the risk of corners and the development of tight supply situations. The inclusion of sellers options by reducing risk of deliberate manipulation or unintended tight delivery situations increases the attractiveness of the contracts.

Broadly drawn contract terms also widen the market in futures by reducing the likelihood of contract settlement through delivery of the physical commodity. This solves the

adverse selection problem mentioned earlier. These problems are further eradicated by both hedgers and speculators typically discharging obligations by assuming an offsetting contract; any price differential removed by an appropriate cash settlement determined via a predetermined exchange schedule.

3. Price Variability

The price fluctuation of the underlying commodity is essential to stimulate the involvement of hedgers and speculators. The value of hedging is directly related to the extent of possible future price changes. Hedgers have little incentive to insure against price change risk if the possible losses are small. Conversely speculators require price changes to profit.

Lester Telser cites price variability as a key determinant of suitability for futures trading. He hypothesizes that decreased price variability of a commodity will directly reduce futures trading because it reduces hedging[13]. The lower volume of contracts traded reduces contract liquidity and drives up the costs of trading. These

[13] Telser, Lester G. [1981], "Why There Are Organized Futures Markets". Journal of Law and Economics, Vol. 24, No. 1 (April) p. 1-22

costs may be viewed as commission and margin[14]. The alternate scenario also produces dramatic results. An increase in price volatility expands the demand for futures contracts driving up the volume of trading thereby increasing liquidity and reducing costs which in turn further stimulates trading.

4. Competitive Supply and Demand

A large supply and demand for the underlying commodity is the final criteria widely supposed to be essential to ensure contract success. A sufficiently large supply will prevent corners and squeezes from occurring in the marketplace. If a commodity has a restricted supply it may be feasible for a small number of market participants to gain control of a significant portion of the available stocks and thereby extract excess profits from the contractual agreements. A similar situation occurs with monopolistically controlled commodities. The supplier has the ability to dictate prices and thus threaten manipulation.

5. PHYSICAL DELIVERY AND CASH SETTLEMENT

[14] Telser, Lester A. [1981]

Traditional futures contracts provide for delivery of the physical good. This provision promotes convergence of prices in the cash and futures markets as the contract approaches the settlement date. Absent transactions cost any deviation in the cash futures price will be arbitraged away. In consequence "the incentive to undertake [a futures contract] will decline as a function of the delivery costs. If the costs are high even a relatively large cash/futures price differential may not generate arbitrage so price convergence [may fail to occur].[15]" High delivery costs have caused problems for trading in wheat, corn, cotton, and potatoes contracts. High delivery costs are the norm for some commodities such as Eurodollar time deposits, which cannot be transferred prior to maturity. The problems associated with delivery kept contracts specifying physical delivery from succeeding with these commodities.

Provisions for cash settlement attempt to address the lack of deliverability. Final settlement of the contract is based upon calculation of an index to be generated from the cash price of the commodity at the close of trading. When a

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[15] Garbade, Kenneth D and Silber, William L. [1983], "Cash Settlement of Futures Contracts: An Economic Analysis", Journal of Futures Markets, Vol. 3, No. 4 (Winter), p. 450-470

cash settlement contract expires, the exchange sets its final settlement equal to the spot price of the underlying asset on that day. The contract is closed out at the final settlement price, but the underlying commodity does not change hands.[16]

Since cash settlement contracts are settled at the spot price, their futures prices are forced to converge to the underlying spot prices. Thus, at expiration, the prices of cash settlement contracts behave just like the prices of delivery contracts. This methodology makes feasible contracts on commodities for which physical delivery would be virtually impossible.

The major cash settlement contracts include the Eurodollar time deposit and feeder cattle contracts on the Chicago Mercantile Exchange, the stock index futures contracts traded at various exchanges, and the municipal bond contract at the Chicago Board of Trade. Cash settlement provisions are most workable when spot prices are well specified and easily obtainable and when actual physical delivery would be prohibitively costly.

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[16] Garbade, Kenneth D. and Silber, William L. [1983], "Cash Settlement of Futures Contracts: An Economic Analysis," Journal of Futures Markets, Vol. 3, No. 4 (Winter), p. 450-470

D. SUMMARY

It can be seen from the few issues of commodity suitability discussed here that contractual design has a direct bearing on the interest and effectiveness of a futures contract. The efficient cross hedge hypothesis, discussed earlier, emphasizes that contract characteristics should be selected to reduce the residual risk borne by the hedger of the commodity as much as possible while not impairing the liquidity of the contract. It is to be expected that the residual risk from own hedging be less than that from cross-hedging. However, even though a new contract reduces the residual risk to hedgers, it may not sufficiently outweigh the high liquidity costs of a new market. Therefore, an exchange must utilize contractual provisions to balance liquidity and residual risk reduction.

Roger Gray once observed that "I don't really know why futures trading succeeds or fails"[17]. His approach to the problem was to cite numerous provisions that might contribute to a contracts success or failure. Much of the subsequent research has adopted a similar tack, merely identifying

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[17] Gray, Roger W. [1966], "Why Does Futures Trading Succeed or Fail; An Analysis of Selected Commodities", in Proceedings of the Futures Trading Seminar, Volume III, Chicago Board of Trade (Mimir Publishers, Madison, Wisconsin)

factors that may effect potential success rather than attempting to excavate the fundamental principals that form the foundations of successful futures contracts. Now that the mechanics of the market, the necessity and roles of hedgers and speculators are understood a synthesis of contract theory, of the applicability of provisions, with mechanics is necessary to attempt to explain the seemingly intangible precursive factors in the success and failure of futures contracts.

CHAPTER III

The Success and Failure of Futures Contracts

A. METHODOLOGY

In the determination of the factors contributing to the success and failure of futures contracts, and, incidentally, as a possible seed to the development of a useable theoretic approach to contract design, I began with an analysis of trading data for newly innovated futures contracts. The basic premise being that the graphic representation of said data might prove illustrative of trends in the market reception of new contracts. In a simplistic sense, the reception might prove indicative of behavioral patterns outside those readily explained by the two predominant veins of thought present in the literature. This hypothesis would, of course, be tempered by the diametric position; trends being the direct manifestation of various elements of the existing theories.

To facilitate the analysis a group of forty-eight innovative contracts was selected, including each broad category of commodity, agricultural to energy, the selection being arbitrary except for the elimination of revoked or

obvious problem contracts and the constraint that the Futures Industry Association could provide accurate trading data for all innovations only as far back as 1957. As a result all contracts selected were post 1957 innovations.

B. THE CATEGORIES OF CONTRACT RECEPTION

Close examination of the data provided some superficially interesting results. The volume trading patterns of newly innovated contracts tend to fall into three categories.

Table 2 is a summary of the distribution of the contracts among the three categories. Category 1, success, is graphed in Figure 13 thru Figure 29. Category 2, failure, is graphed in Figure 30 thru Figure 45. Category 3, extenuating explanation, is graphed in Figure 46 thru Figure 60.

The first two categories support the general confusing impression of contract innovation; that of wild success or dismal failure. These results are, naturally, somewhat of a broad brush as, inevitably, there are contracts that trade minimally their first year then mushroom or alternatively those that trade with a minimal degree of success their first year then fade into oblivion. These two trends may be explained in the following way: a contract trading minimally

Table 2

Contract Summary by Category

Category I		Category II		Category III	
Contract	Exchange	Contract	Exchange	Contract	Exchange
LIVE CATTLE 40,000LBS	CHICAGO MERCANTILE EXCHANGE	BEEF FROZEN BONELESS 36,000LBS	CHICAGO MERCANTILE EXCHANGE	RICE, MILLED 120,0000	CHICAGO RICE AND COTTON EXCHN
LIVE CATTLE 20,000LBS	MIDAMERICA COMMODITY EXCHANGE	HAMS FROZEN SKINNED 38,000LBS	CHICAGO MERCANTILE EXCHANGE	RICE, ROUGH OLD 200,0000	CHICAGO RICE AND COTTON EXCHN
LIVE FEEDER CATTLE 42,000LBS	CHICAGO MERCANTILE EXCHANGE	LARD, LOOSE 40,000 LBS	CHICAGO BOARD OF TRADE	S&P 100 INDEX $200XIDEX	CHICAGO MERCANTILE EXCHANGE
PORK BELLIES FROZEN 30,000LBS	CHICAGO MERCANTILE EXCHANGE	CORN 5,000BU	KANSAS CITY BOARD OF TRADE	DEMESTIC CD 90 DAY $1,000,000	CHICAGO BOARD OF TRADE
HOGS LIVE 30,000LBS	CHICAGO MERCANTILE EXCHANGE	CORN 5,000BU	MINN. GRAIN EXCHANGE	DOMESTIC CD 90 DAY $1,000,000	CHICAGO MERCANTILE EXCHANGE
RICE, ROUGH NEW 200,0000	CHICAGO RICE AND COTTON EXCHN	CORN 5,000BU	CHICAGO RICE AND COTTON EXCHN	ALUMINUM 40,000LBS	COMMODITY EXCHANGE
S&P 500 INDEX $500XIDEX	CHICAGO MERCANTILE EXCHANGE	WHEAT, WHITE 5,000BU	MINN. GRAIN EXCHANGE	PLYWOOD 76,032 SQ FT	CHICAGO BOARD OF TRADE
COPPER 25,000LBS	COMMODITY EXCHANGE	GRAIN SORGHUMS 400,000LBS	CHICAGO MERCANTILE EXCHANGE	BROILERS ICED 30,000LBS	CHICAGO BOARD OF TRADE
NO. 2 HEATING OIL NY 1,000BBL	NY MERCANTILE EXCHANGE	ZINC 40,000LBS	COMMODITY EXCHANGE	BROILERS ICED 30,000LBS	CHICAGO MERCANTILE EXCHANGE
EURODOLLAR $1,000,000	CHICAGO MERCANTILE EXCHANGE	TURKEYS FROZEN 36,000LBS	CHICAGO MERCANTILE EXCHANGE	FROZEN EGGS 36,000LBS	CHICAGO MERCANTILE EXCHANGE
T-BILLS 90 DAY $1,000,000	CHICAGO MERCANTILE EXCHANGE	NO. 2 HEATING OIL GULF 1,000BBL	NY MERCANTILE EXCHANGE	GNMA MORTGAGES CDR $100,000	CHICAGO BOARD OF TRADE
T-NOTES 6-10YR $100,000	CHICAGO BOARD OF TRADE	T-BILLS 1 YEAR $250,000	CHICAGO MERCANTILE EXCHANGE	GNMA CD MORTGAGES $100,000	CHICAGO BOARD OF TRADE
BRITISH POUND 12,500	MIDAMERICA COMMODITY EXCHANGE	T-NOTES 2 YEAR $100,000	CHICAGO BOARD OF TRADE	COMMERCIAL PAPER 6,250,000	CHICAGO BOARD OF TRADE
DEUTSCHMARK 62,500	MIDAMERICA COMMODITY EXCHANGE	T-NOTES 4-6 YEAR $100,000	CHICAGO BOARD OF TRADE	MAJOR MARKET INDEX $400XIDEX	CHICAGO BOARD OF TRADE
JAPANESE YEN 6,250,000	MIDAMERICA COMMODITY EXCHANGE	GNMA II MORTGAGES $100,000	CHICAGO BOARD OF TRADE	LEADED GAS NY 1,000BBL	NY MERCANTILE EXCHANGE
CRUDE OIL 1,000	NY MERCANTILE EXCHANGE	LEADED GAS GULF 1,000BBL	NY MERCANTILE EXCHANGE		
UNLEADED GAS NY 1,000BBL	NY MERCANTILE EXCHANGE				

Source: Futures Industry Association

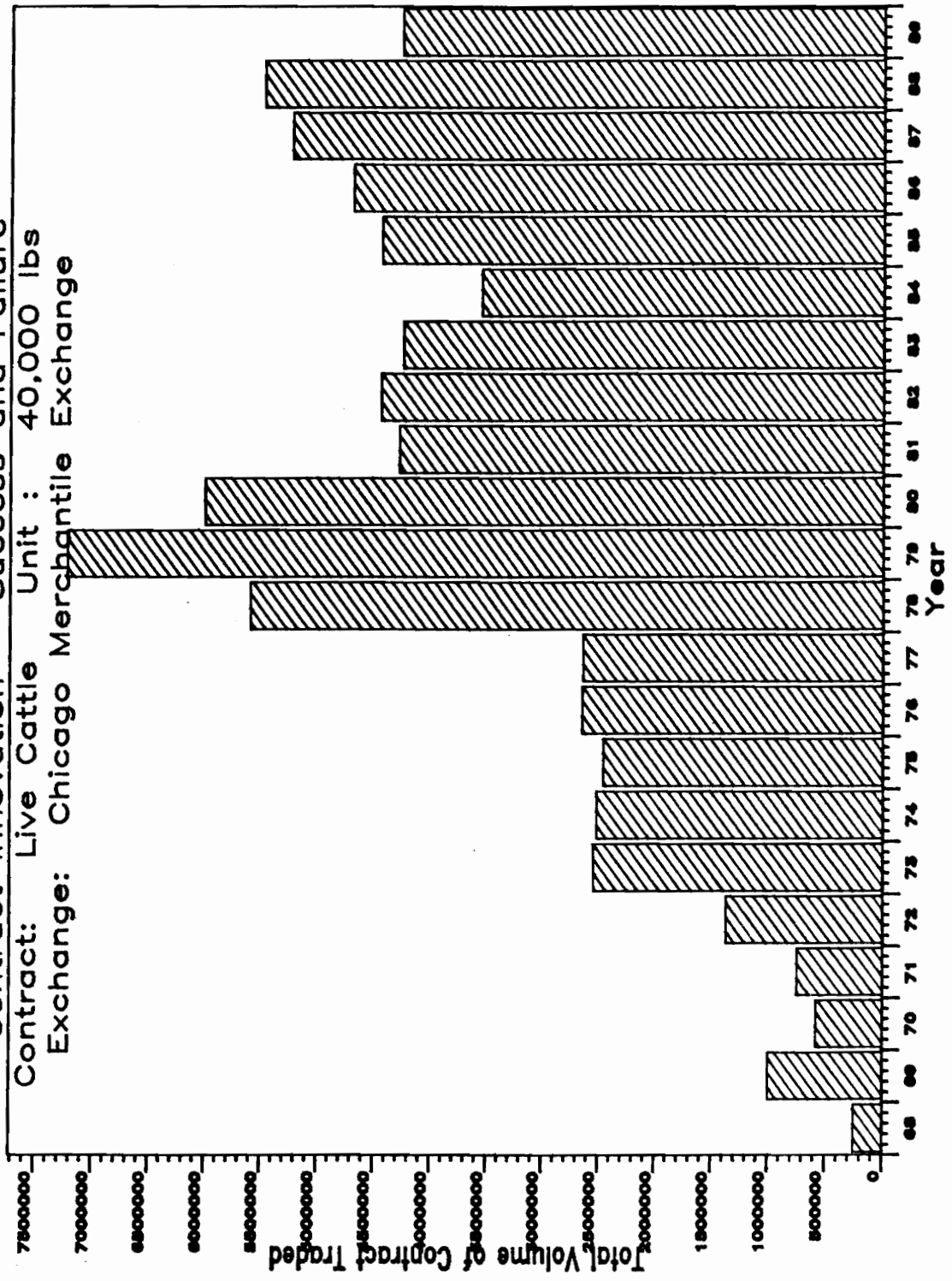
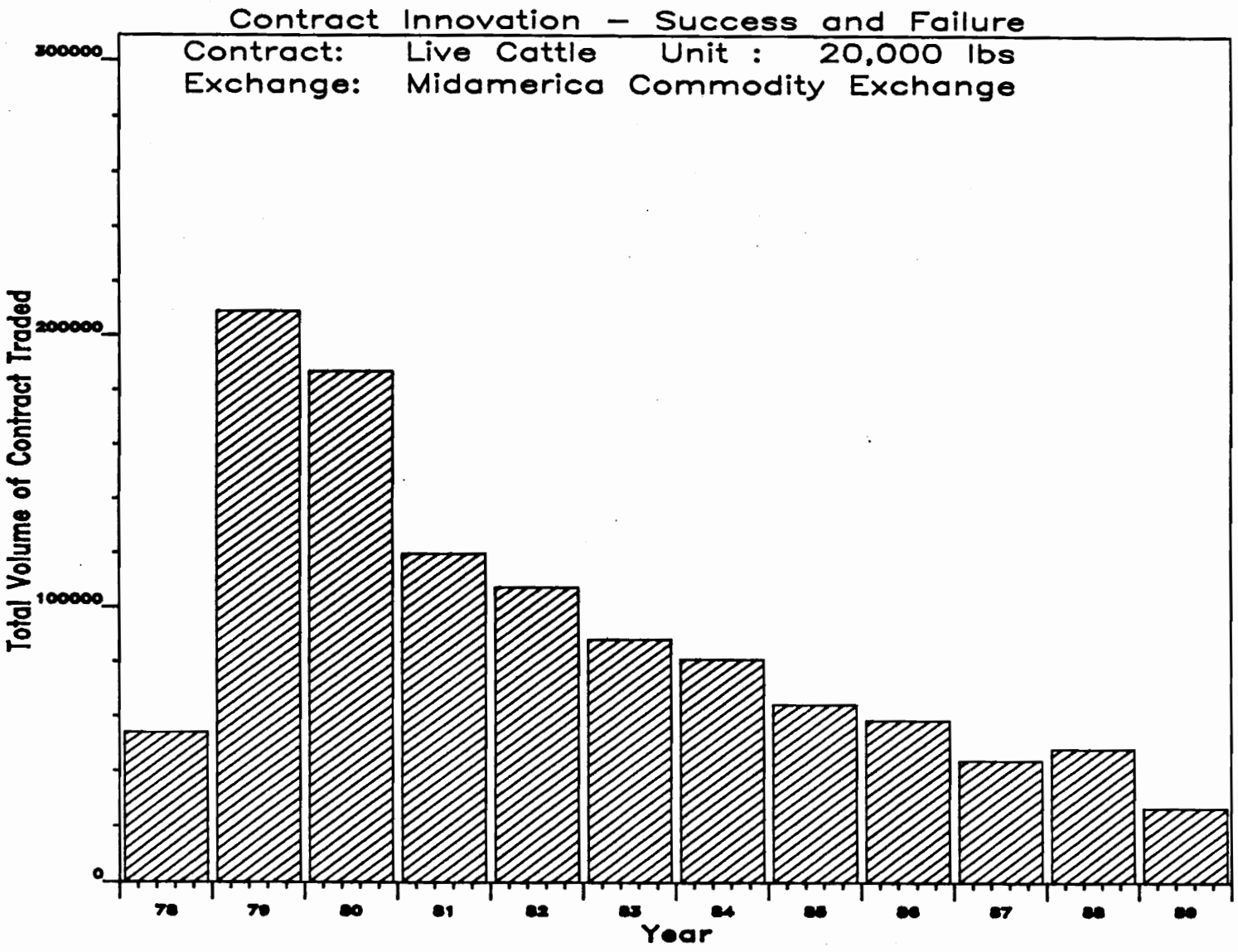


Figure 13

Source: Futures Industry Association



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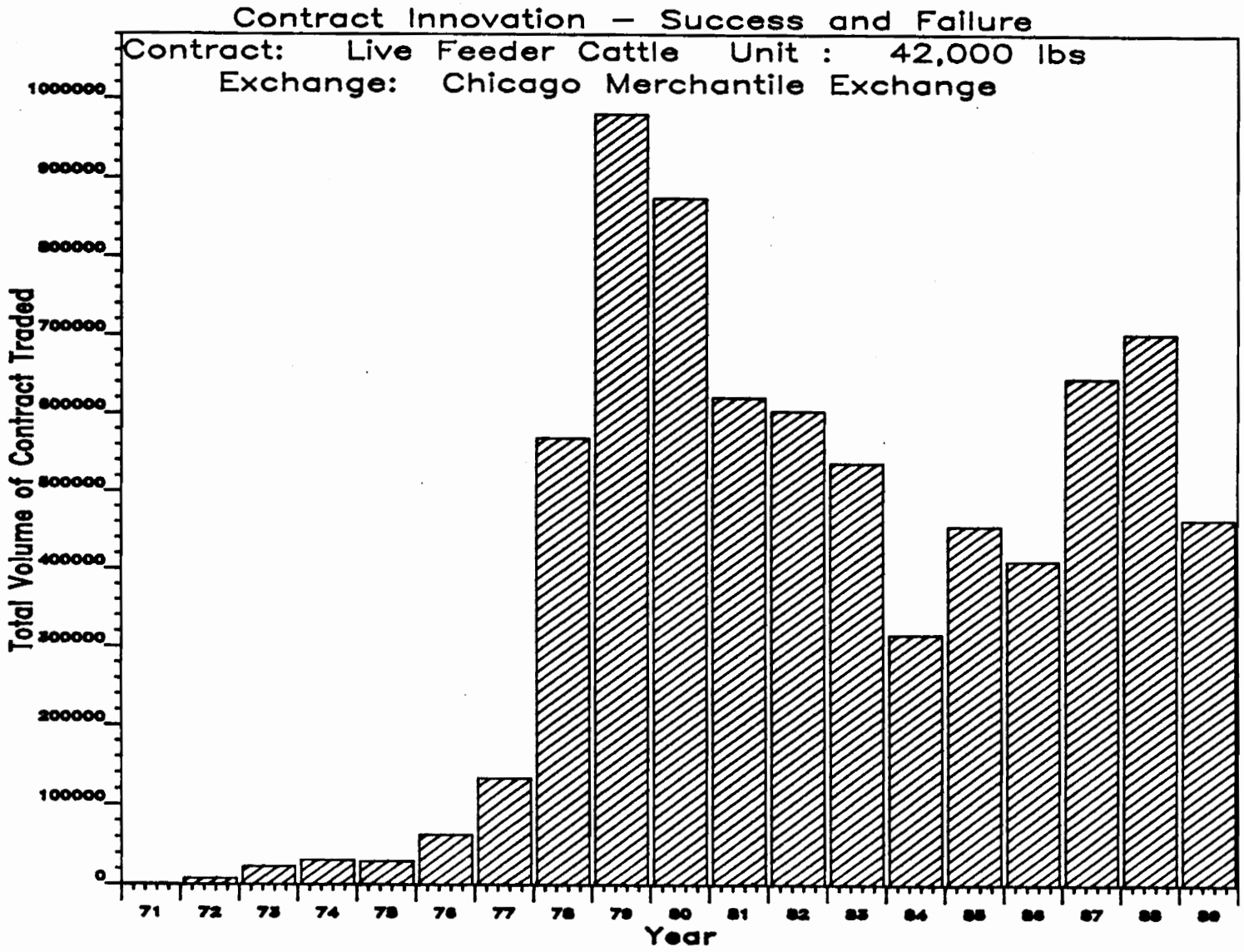

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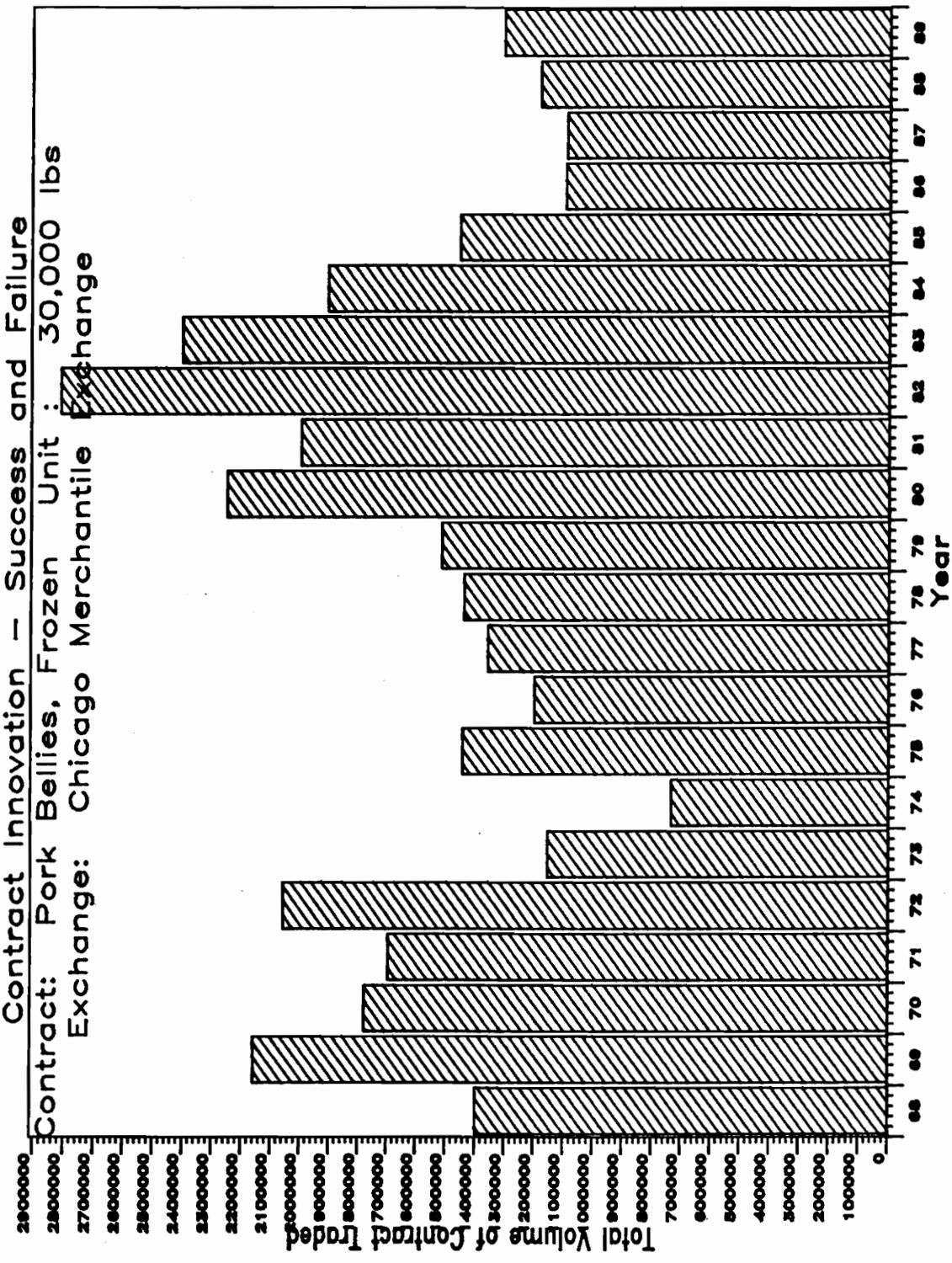

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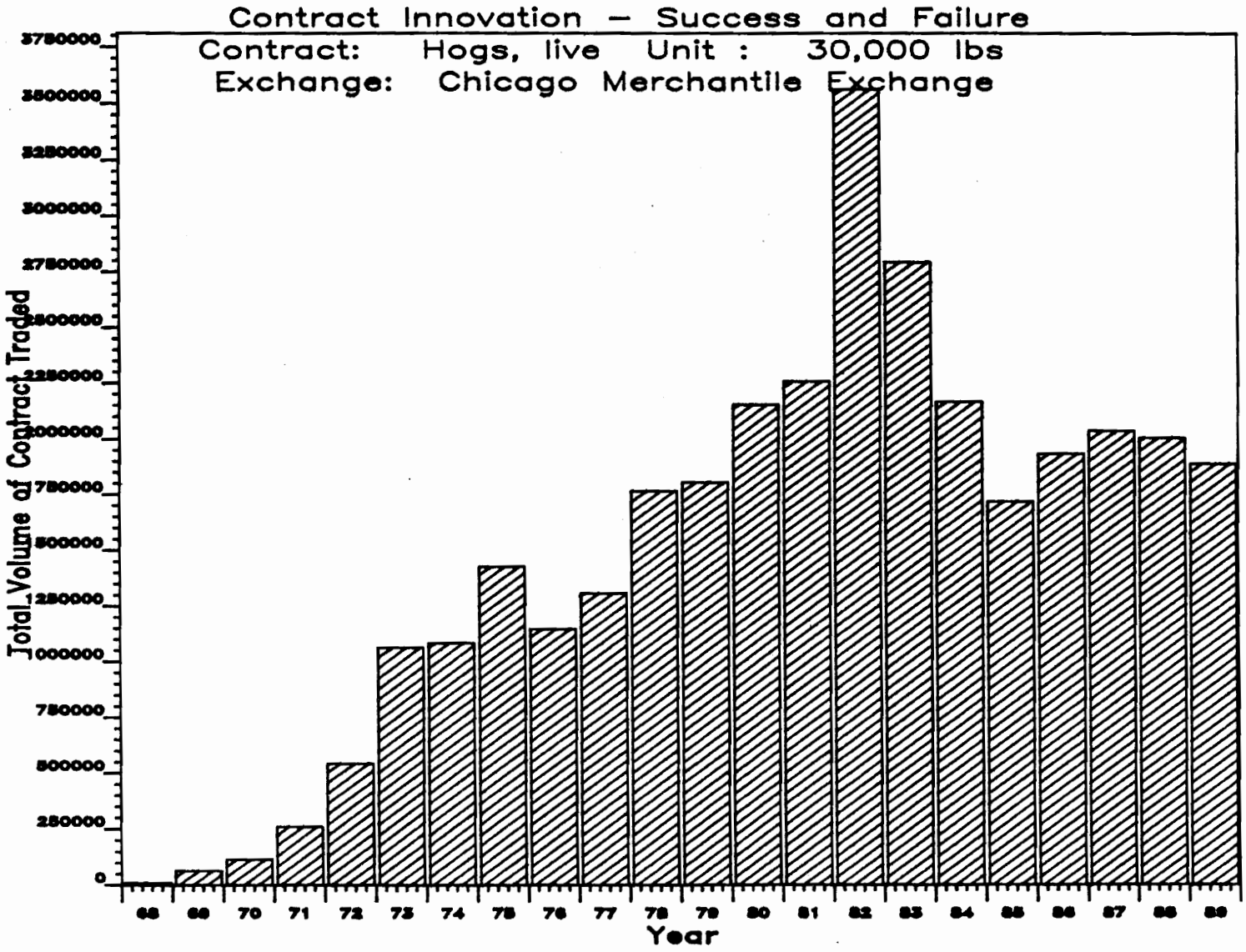

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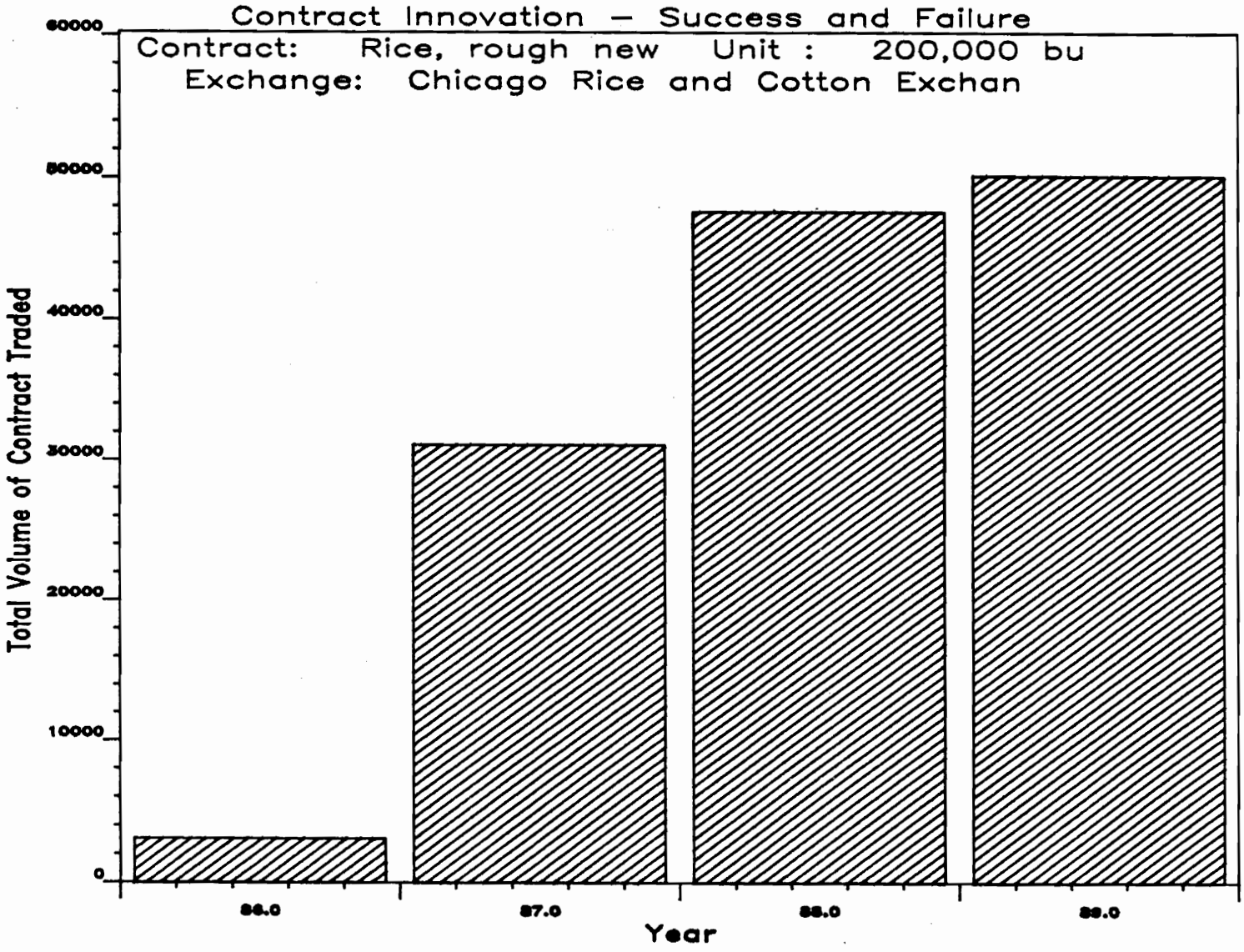

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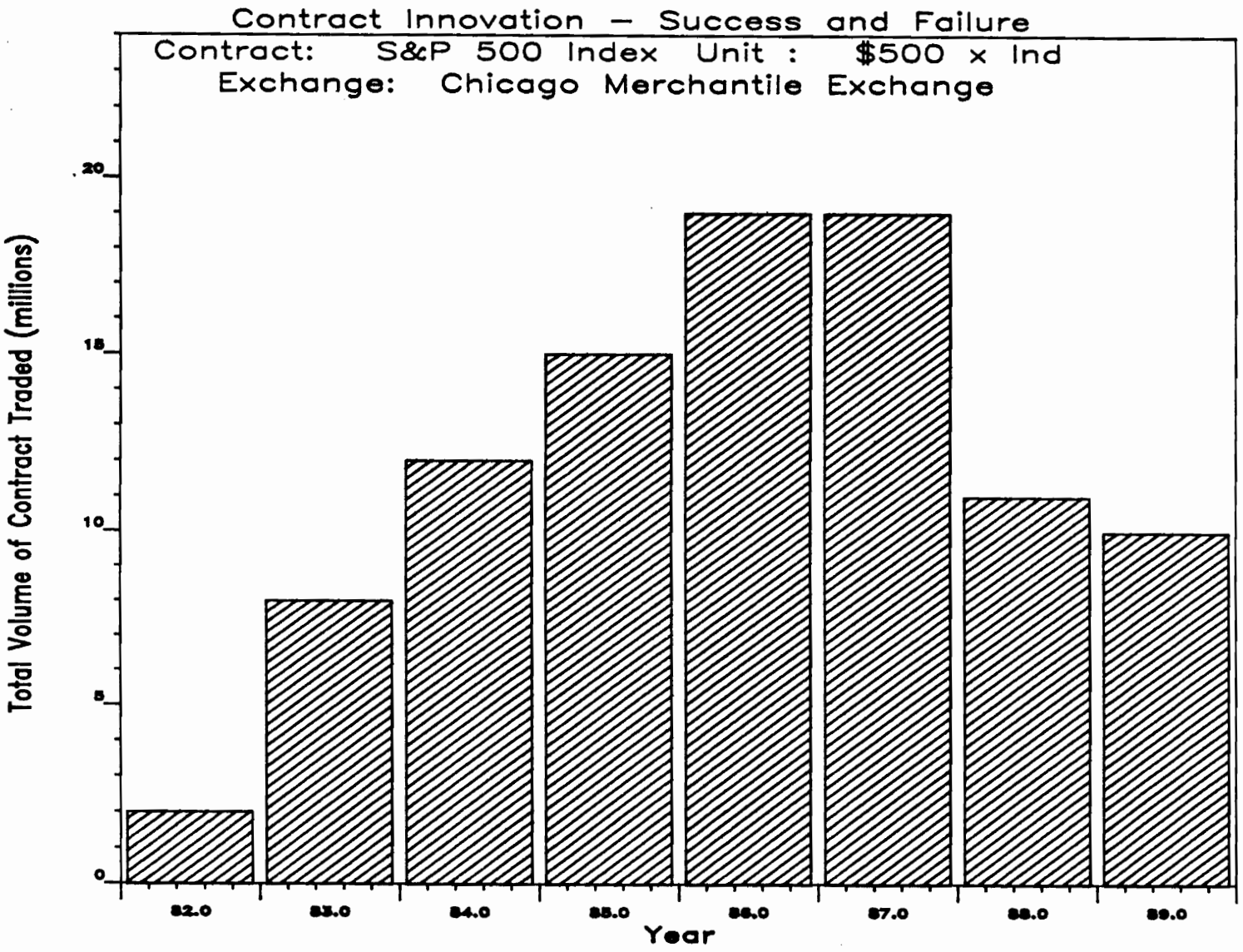

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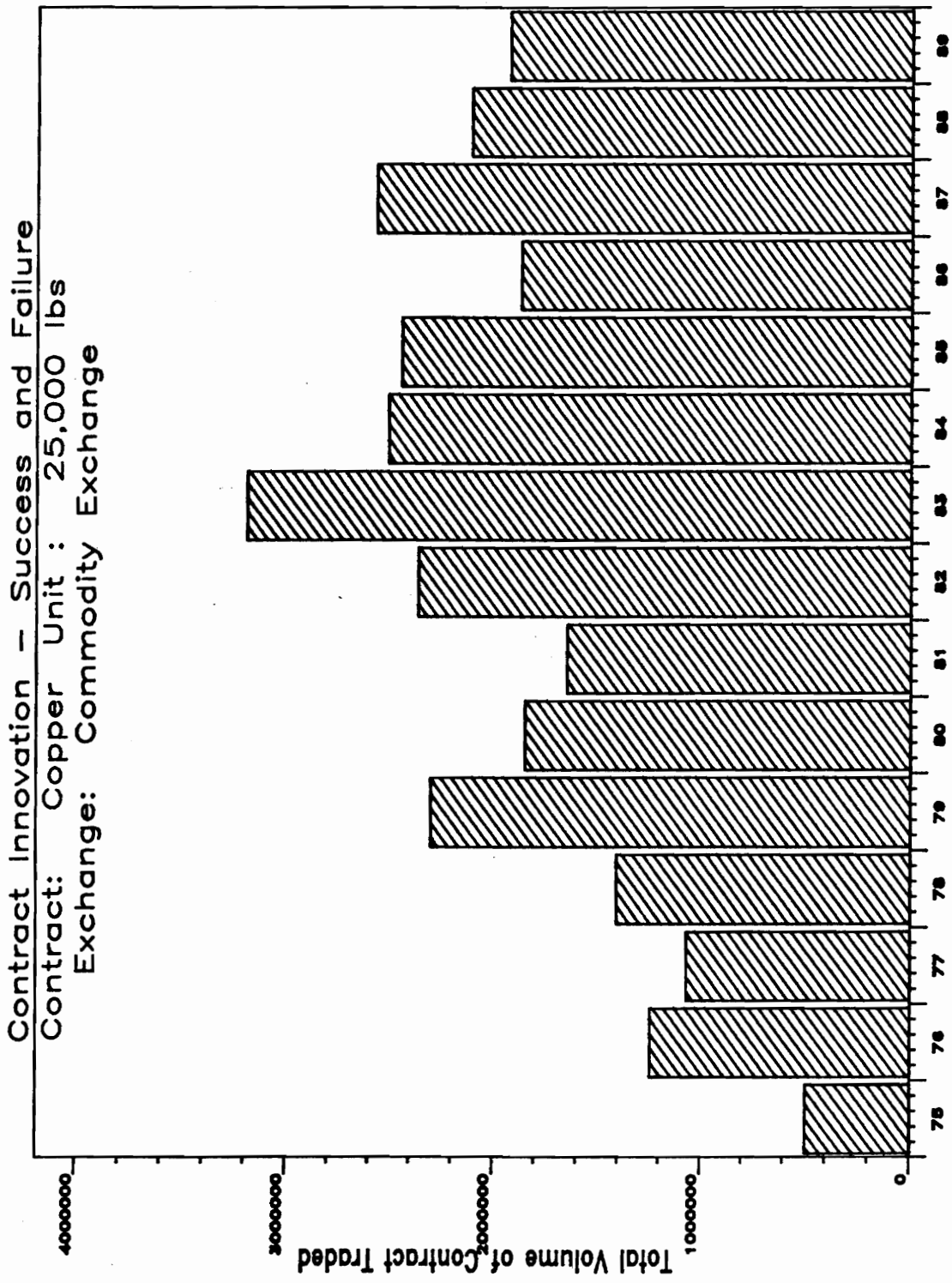

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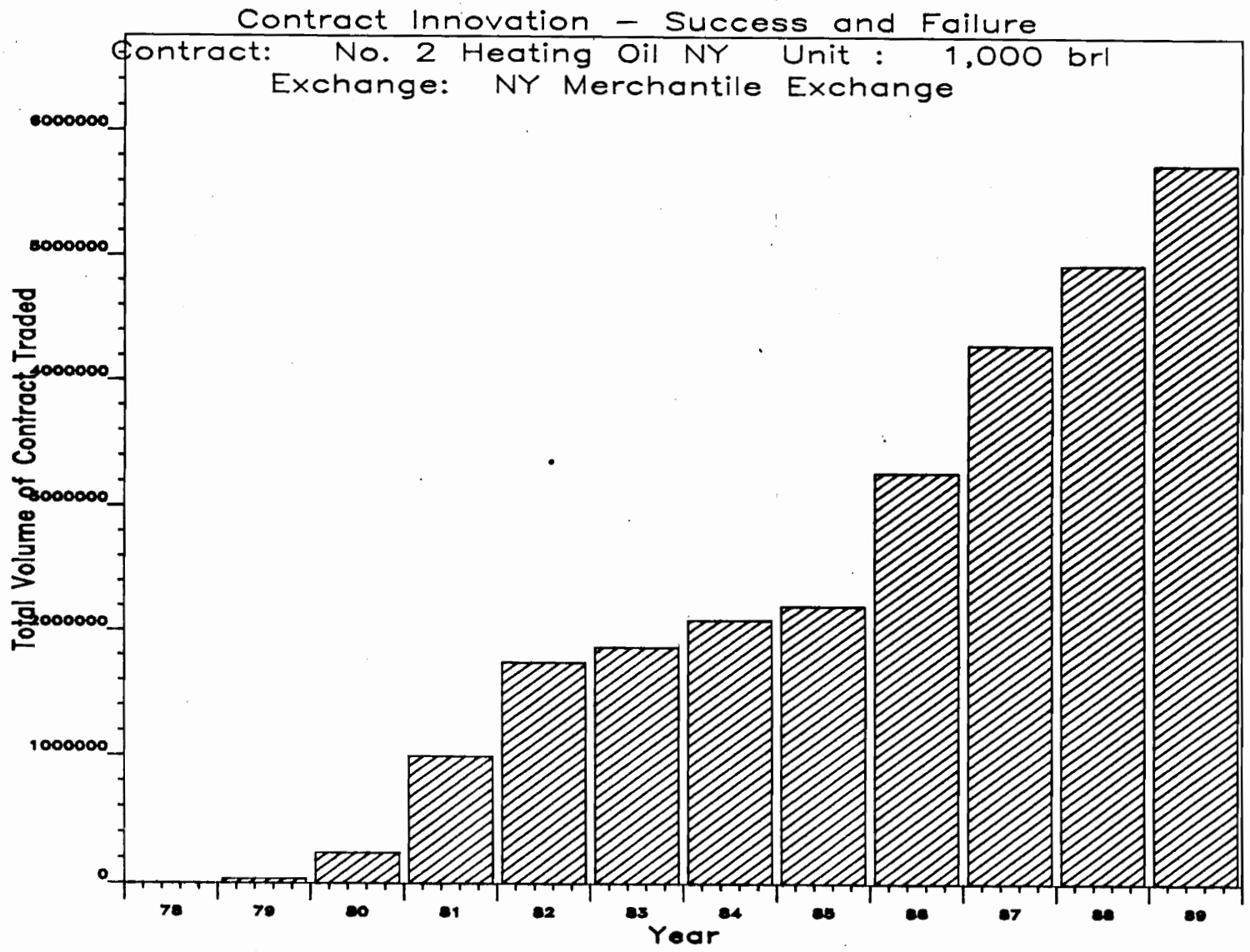

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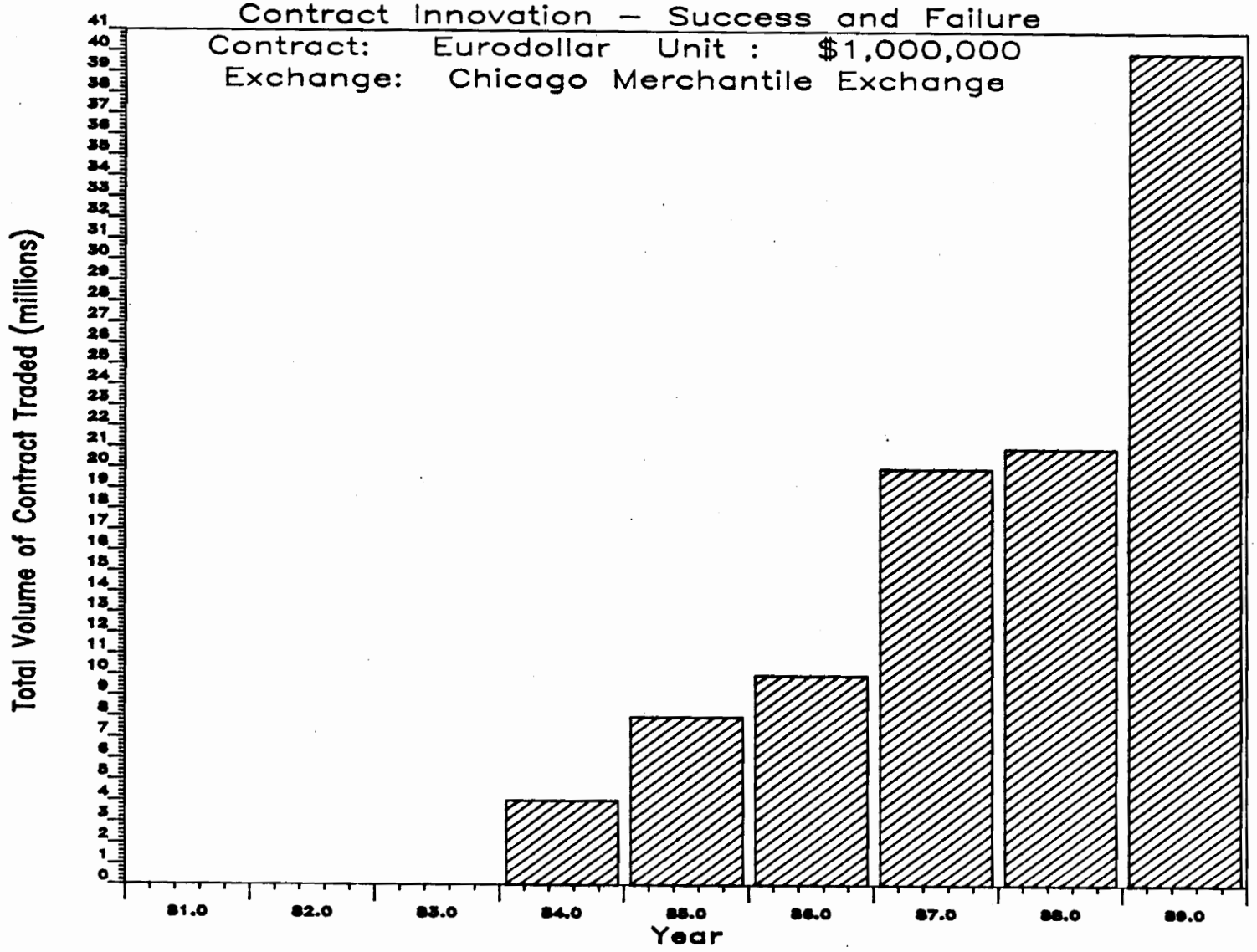

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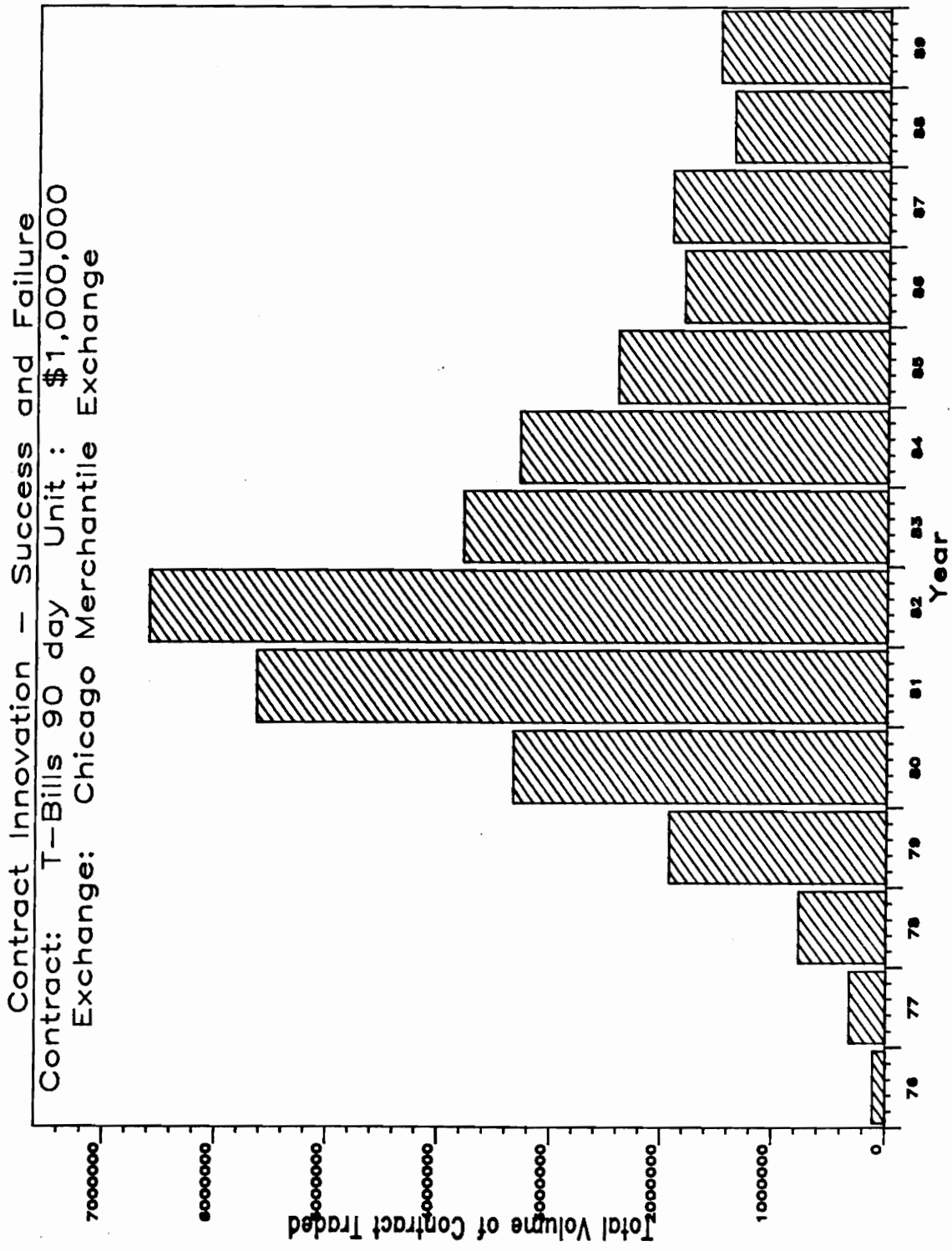

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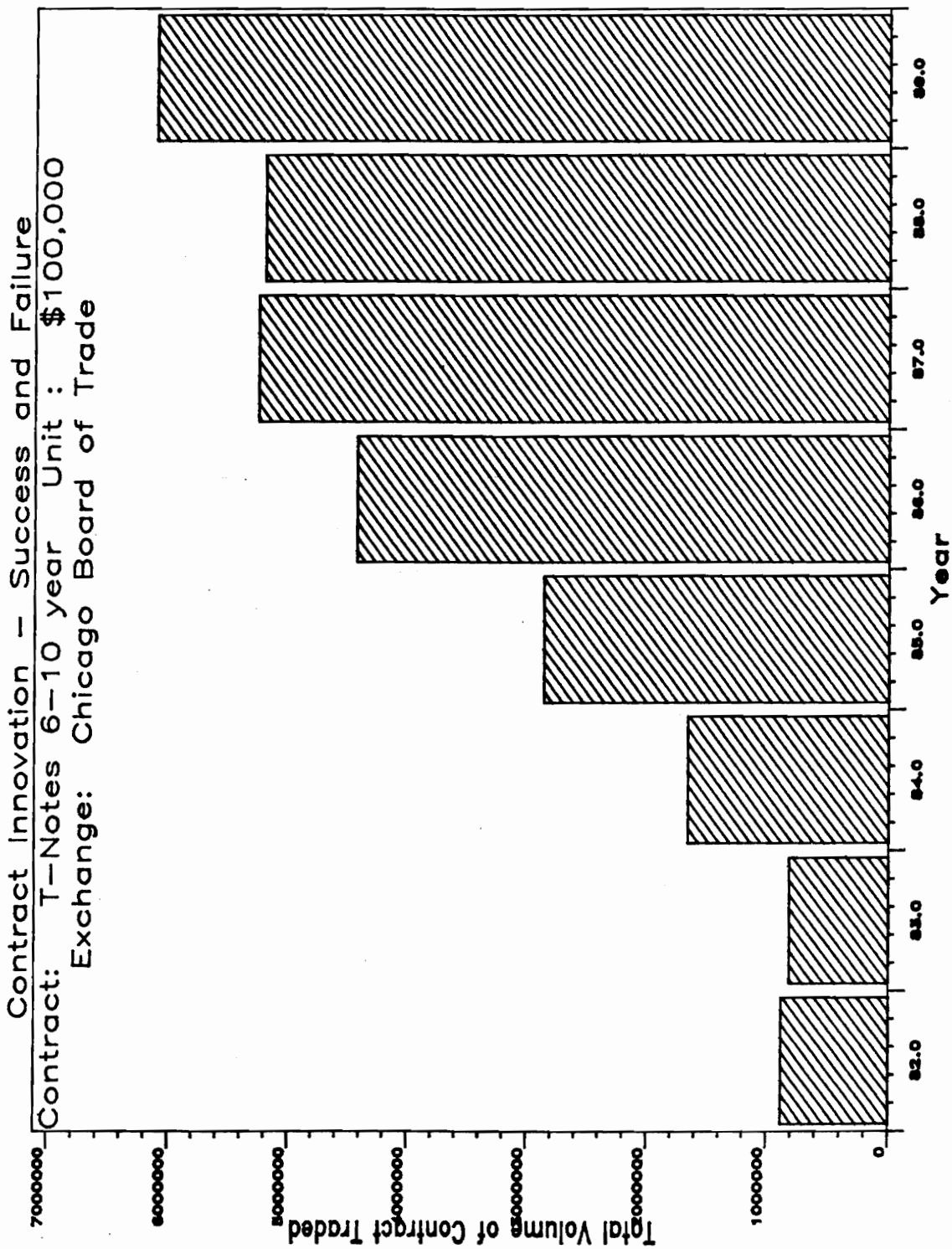

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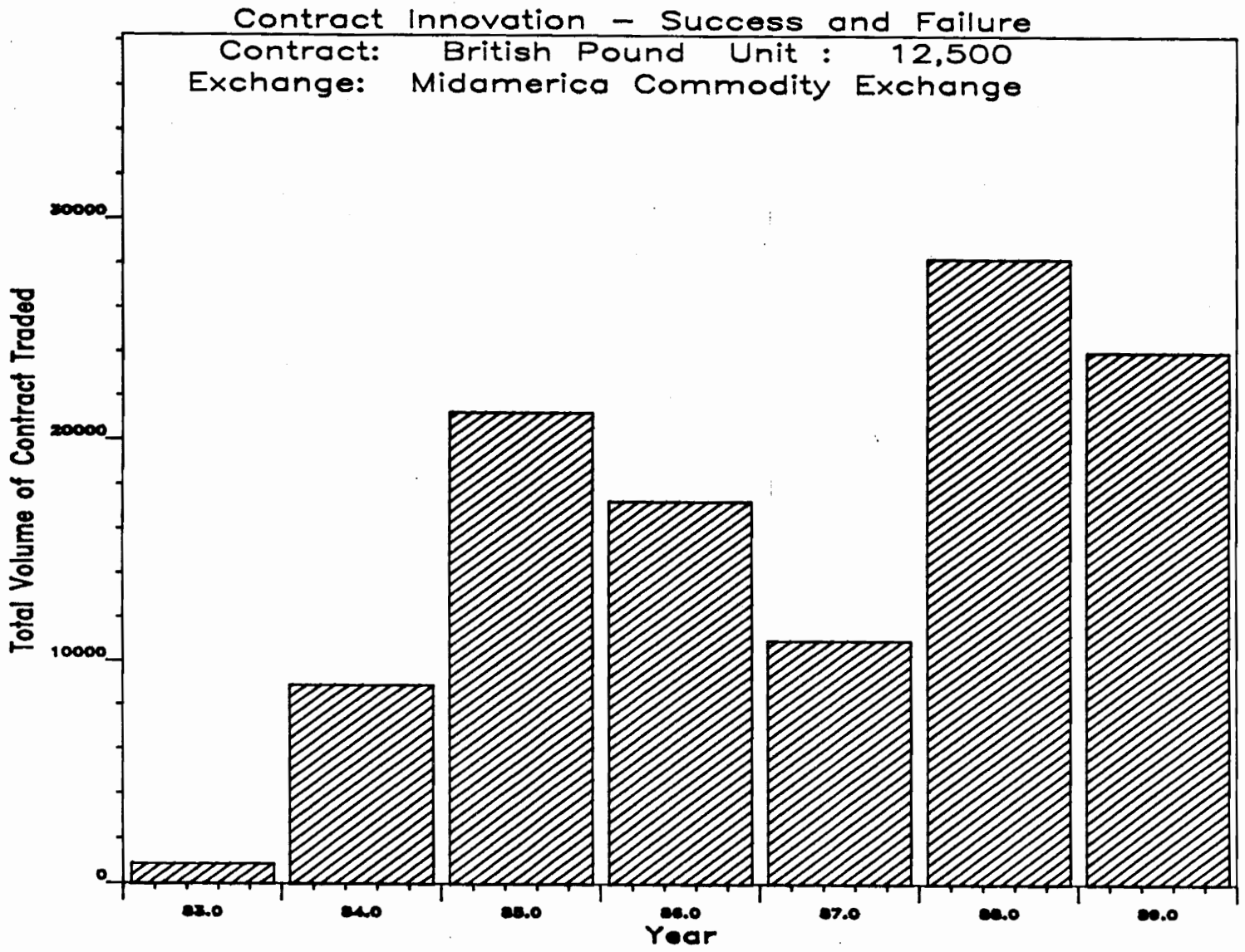

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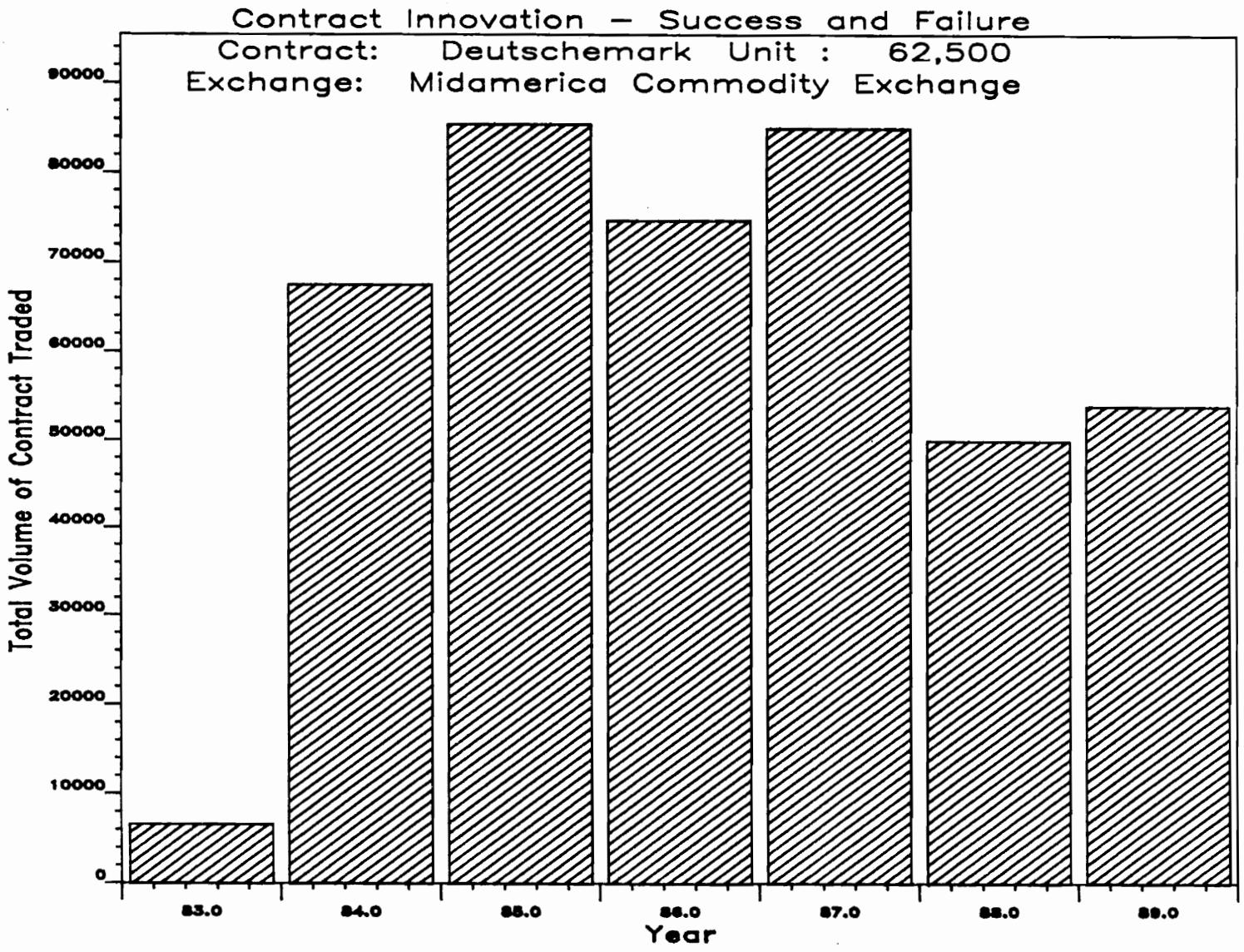

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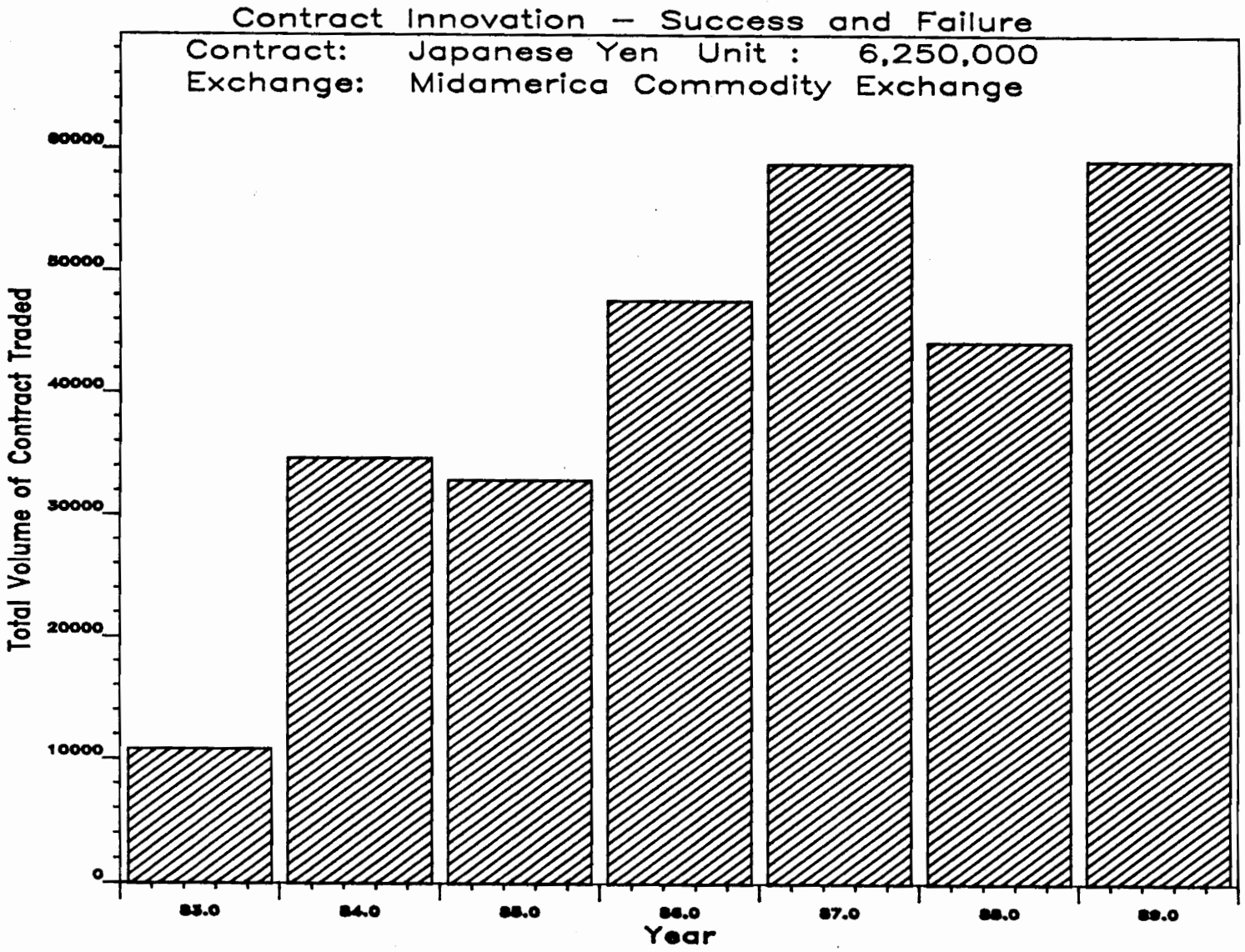

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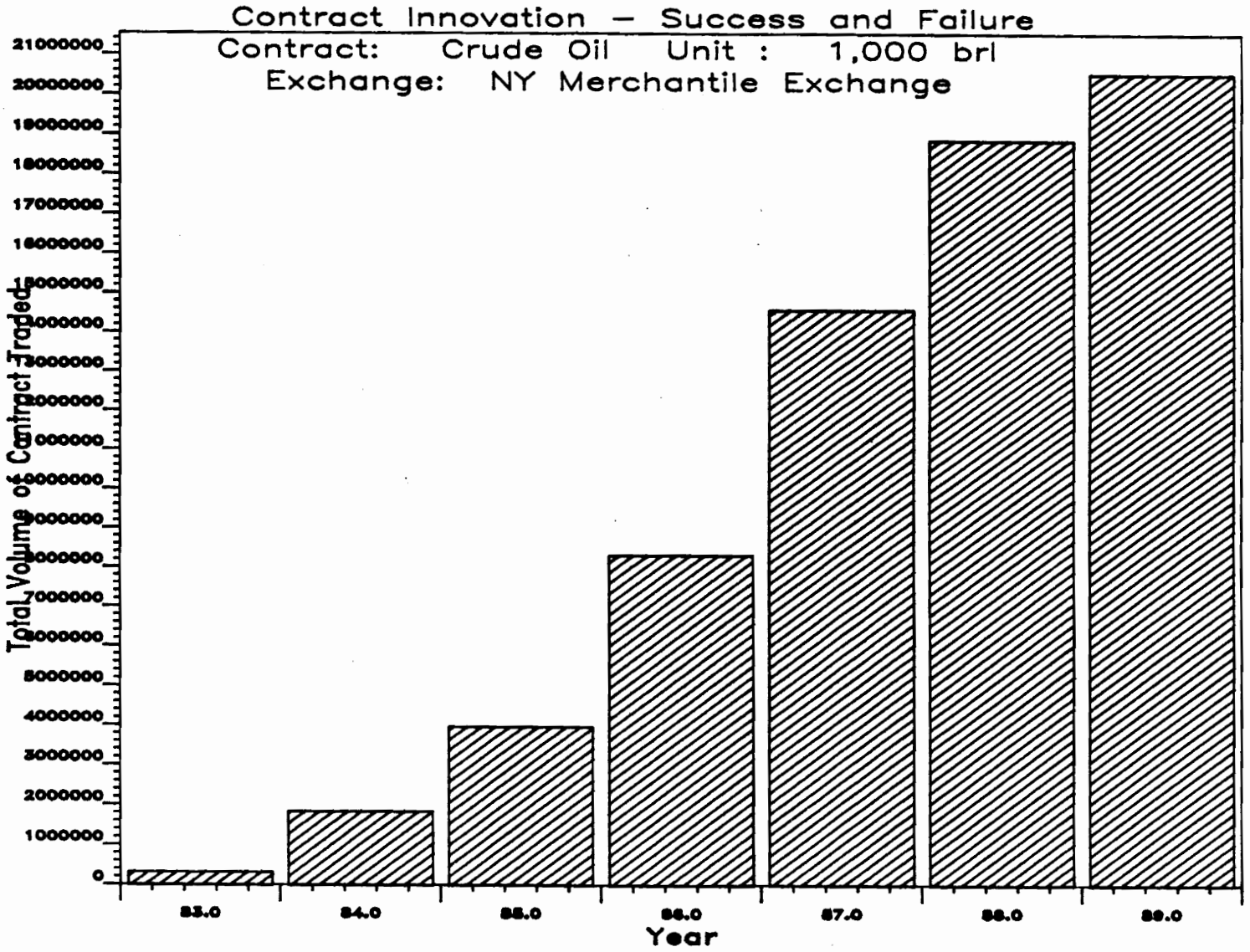

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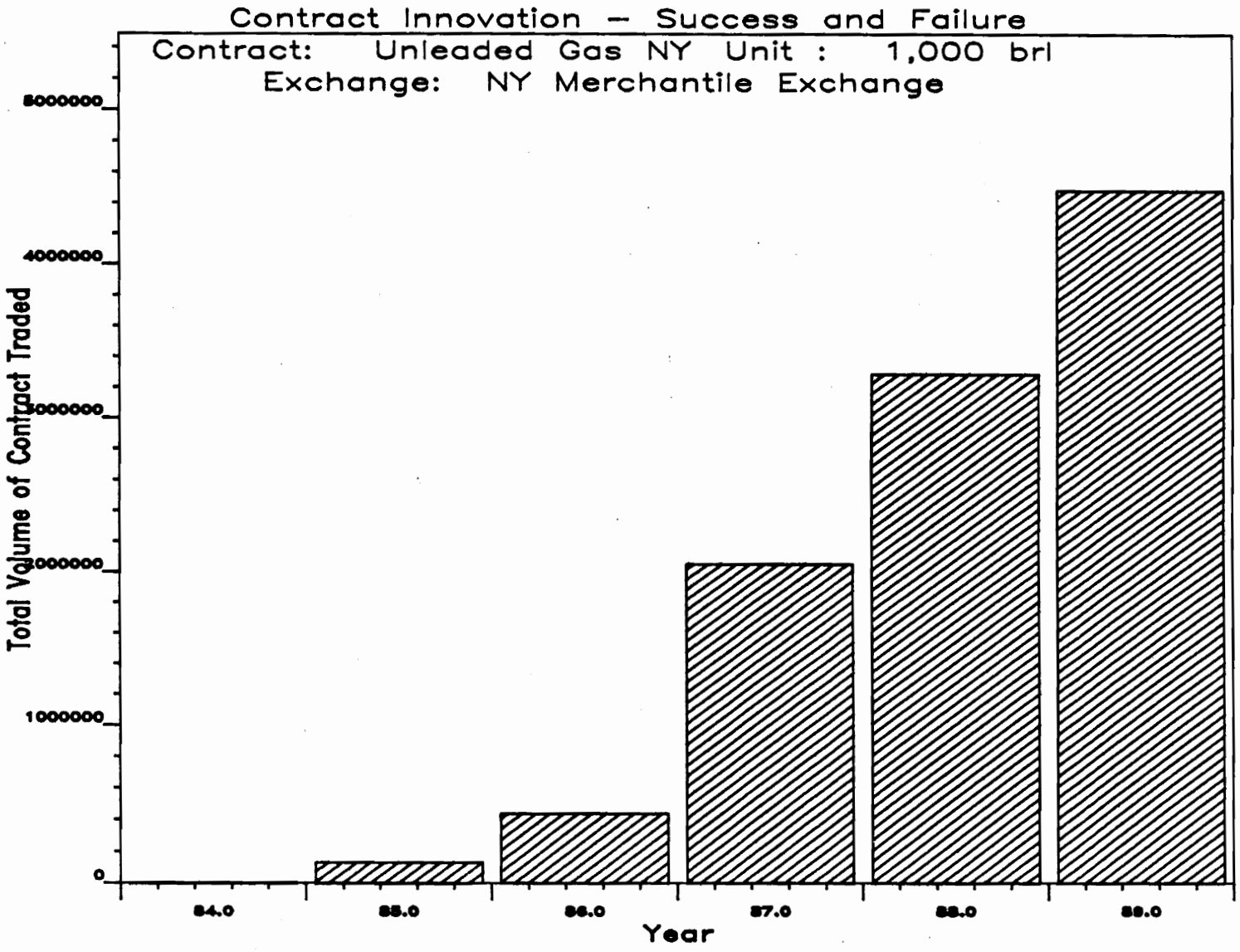

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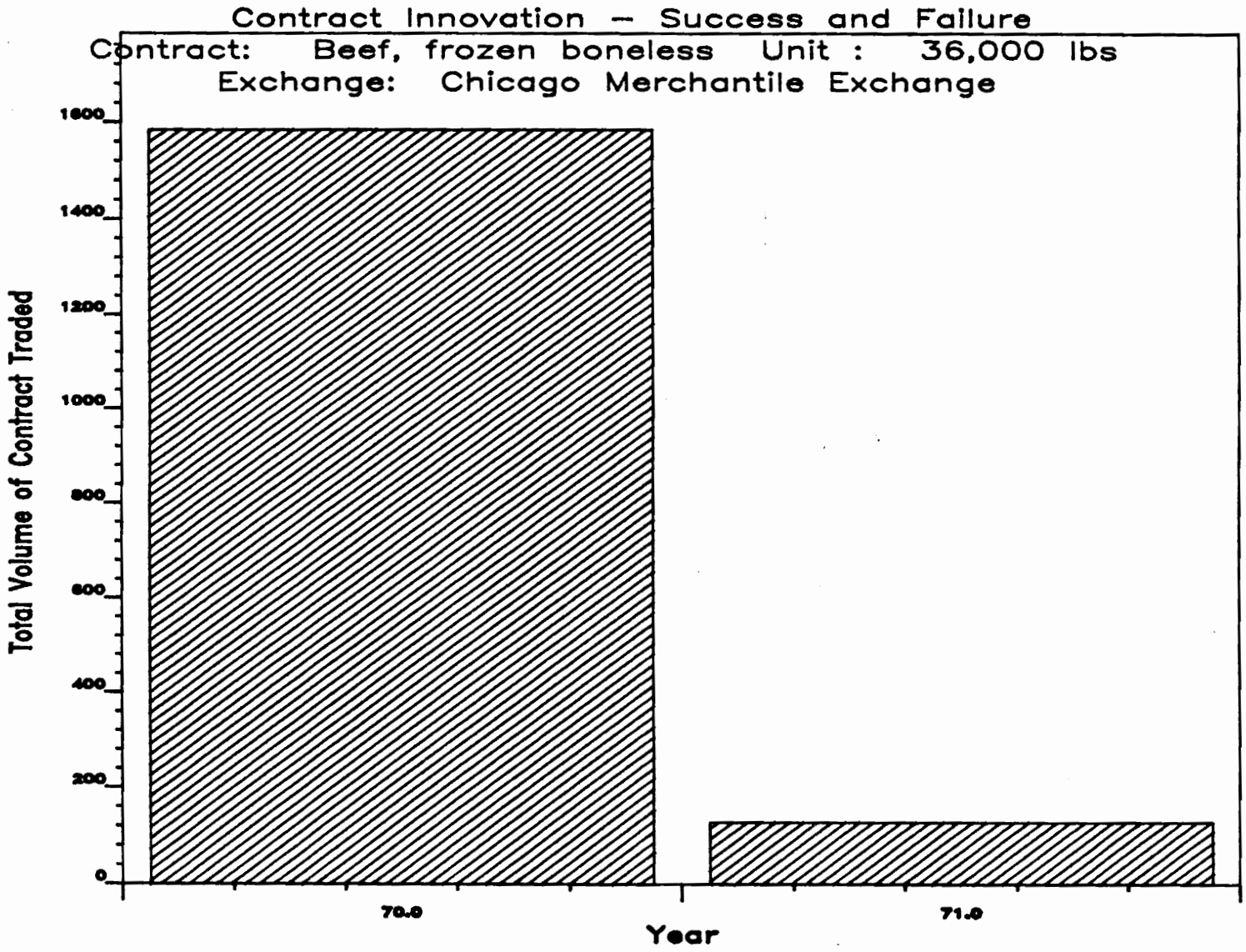

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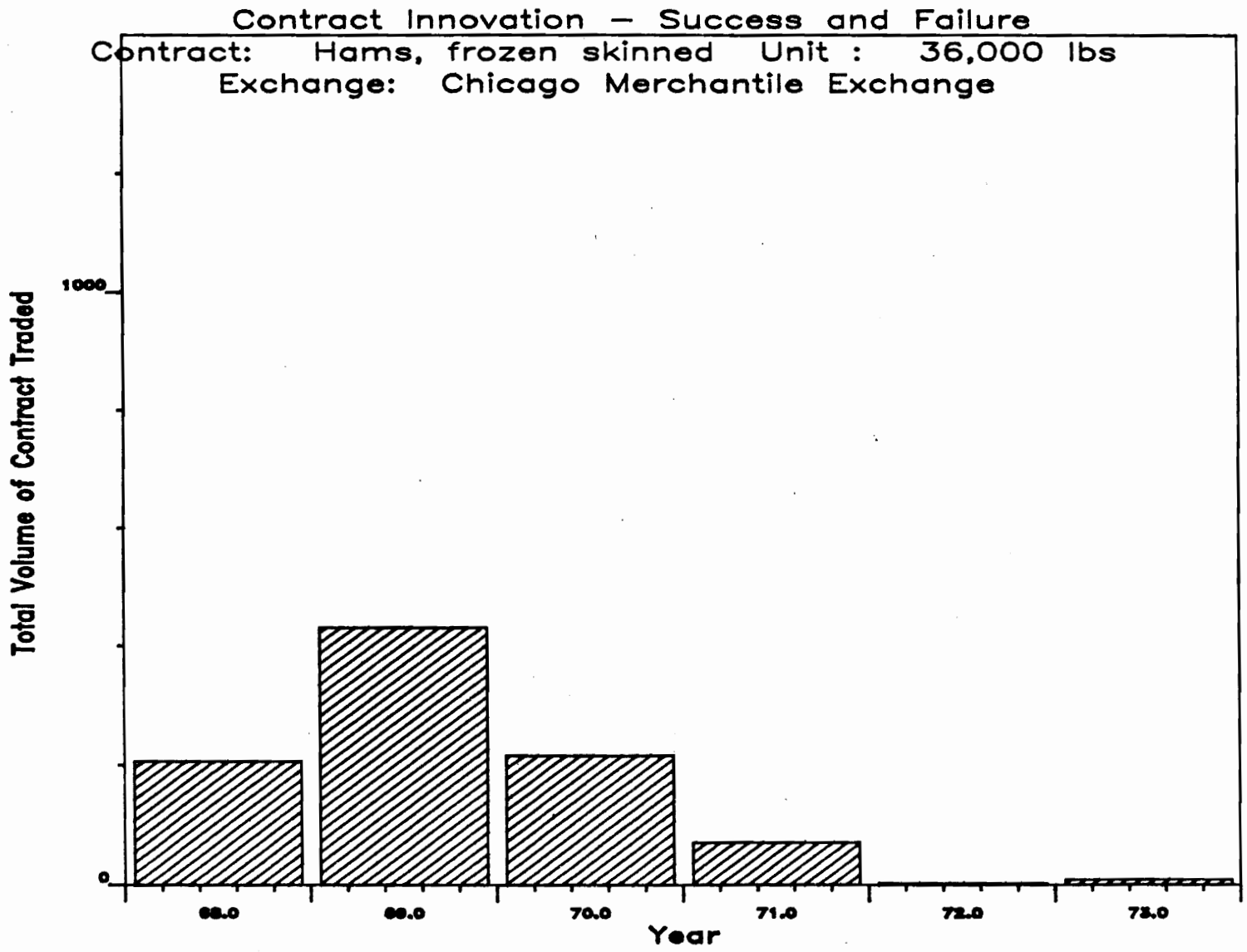

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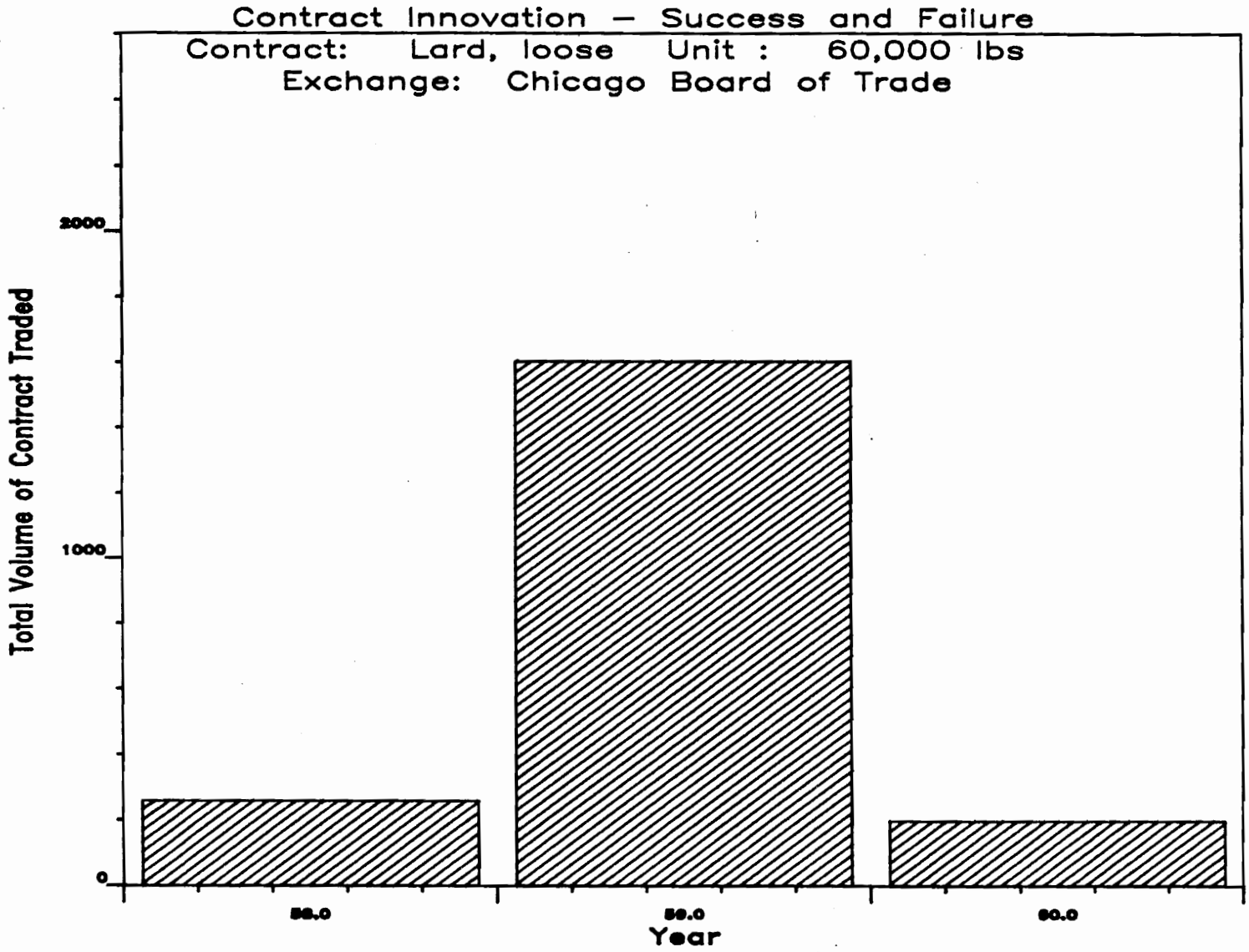

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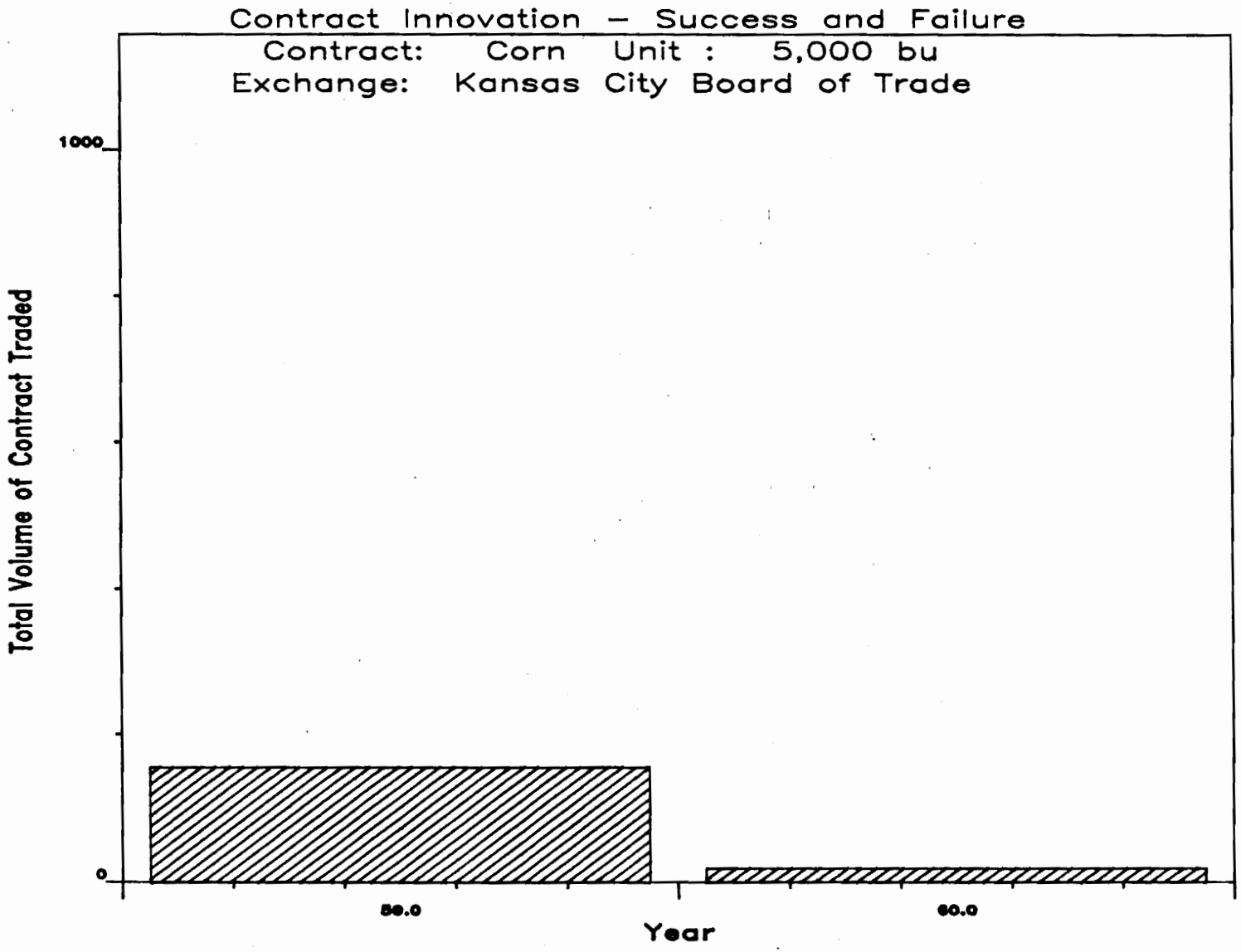

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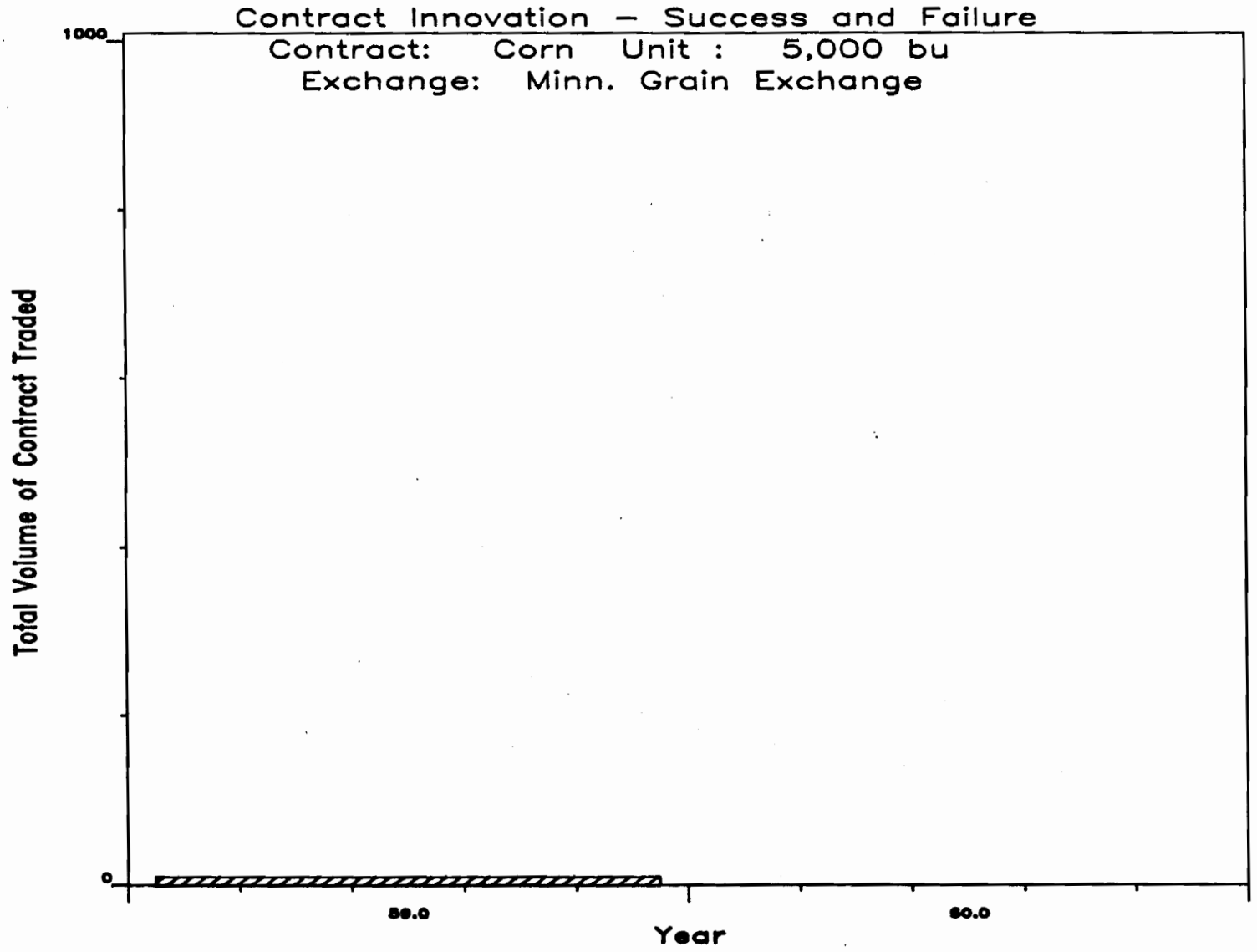

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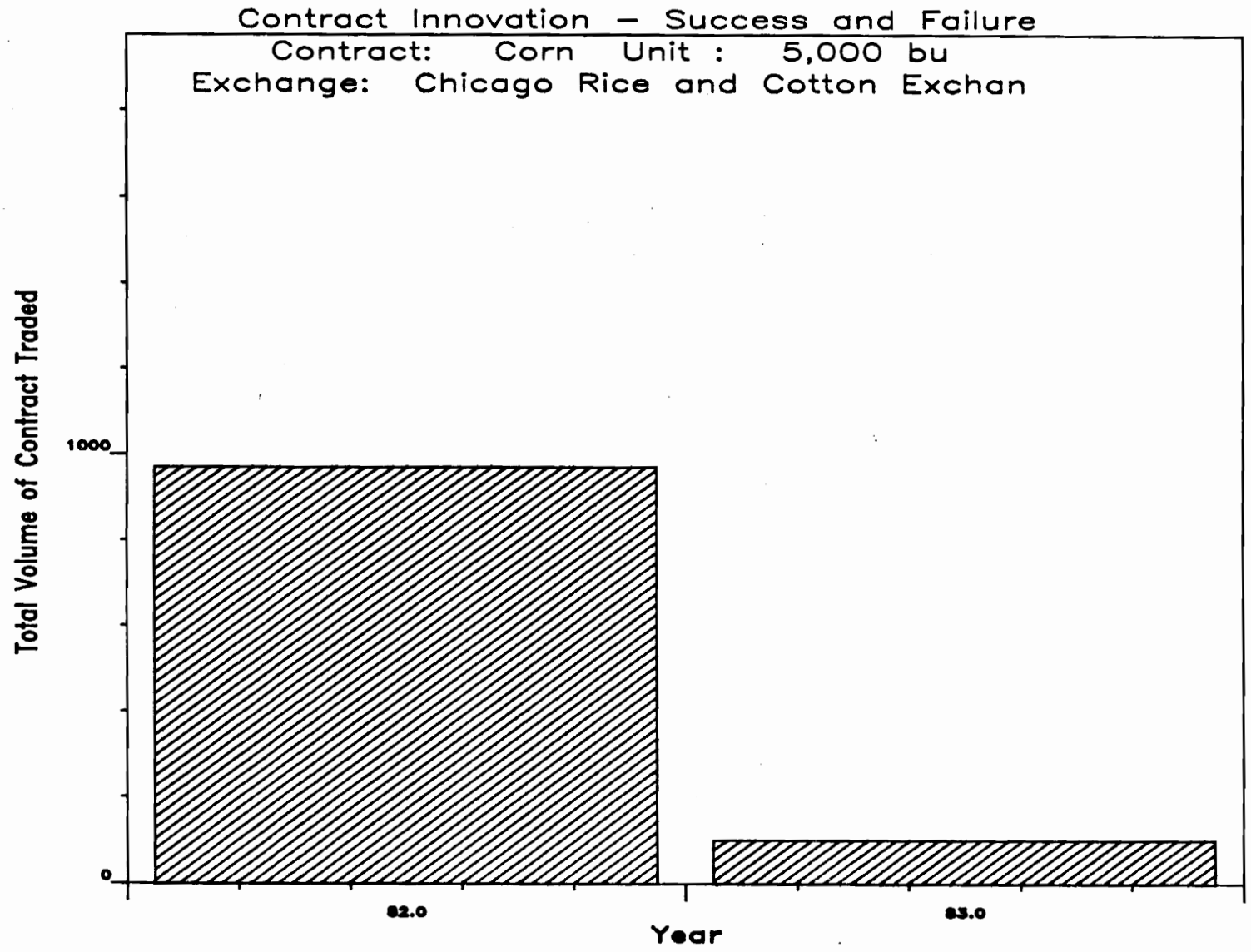

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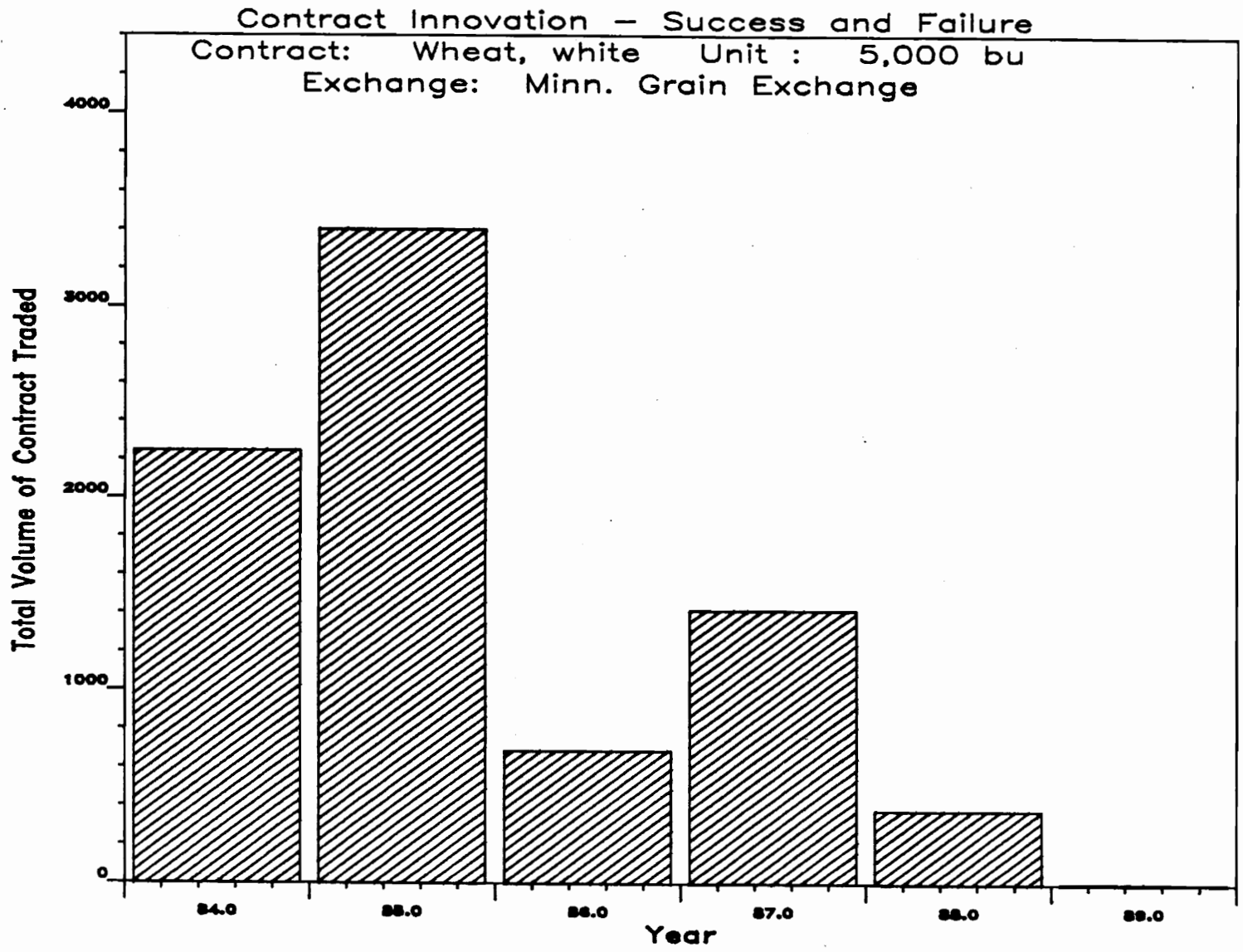

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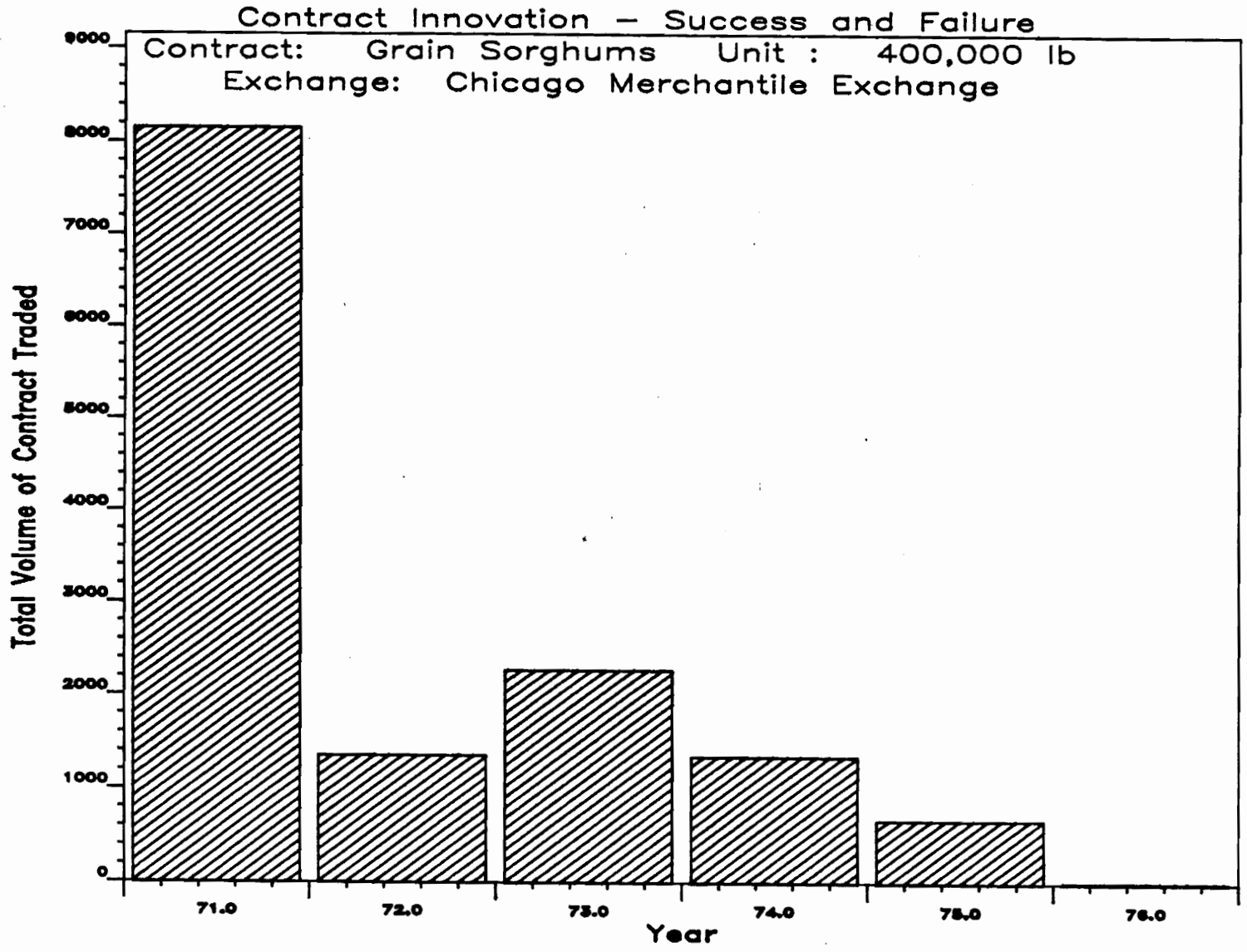

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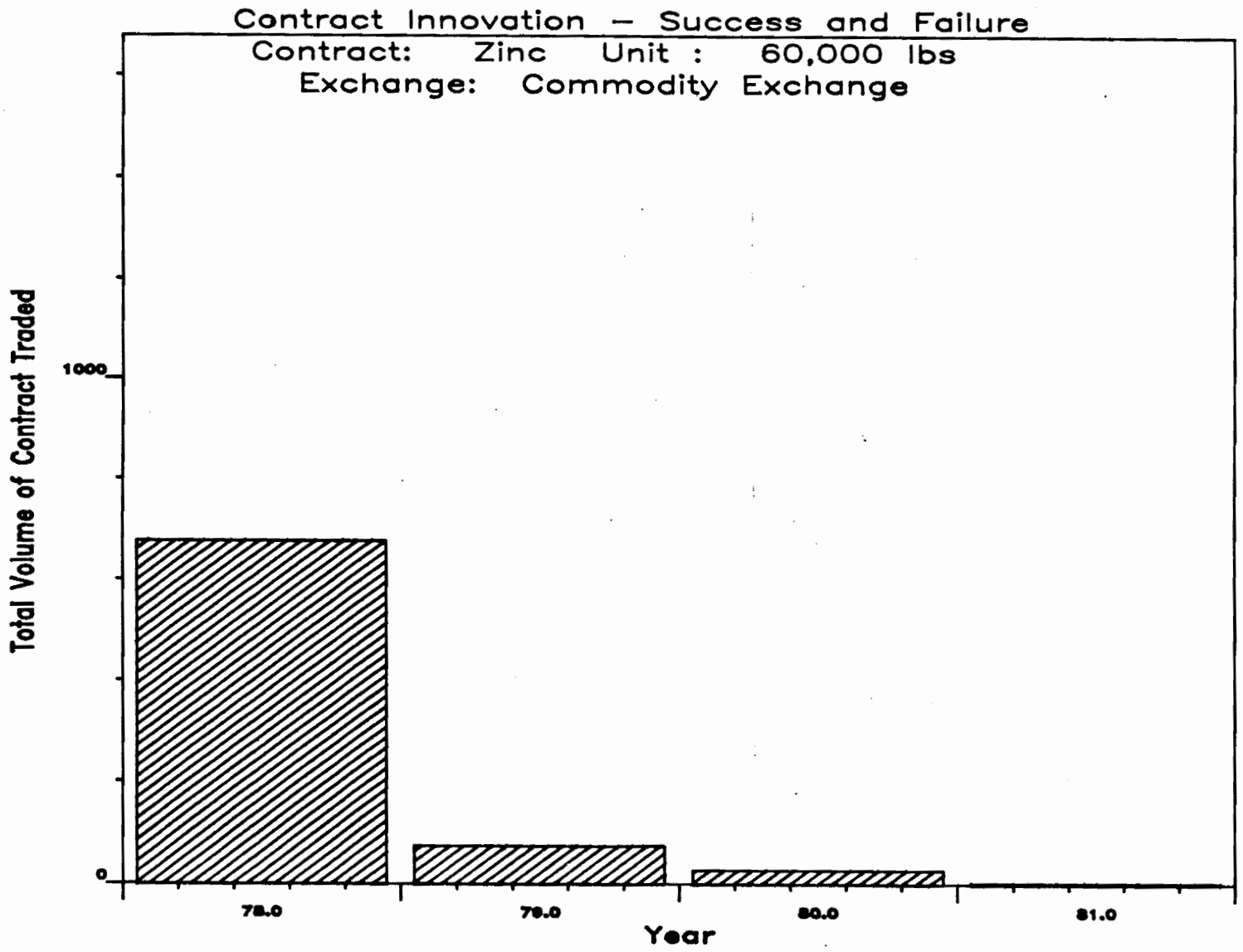

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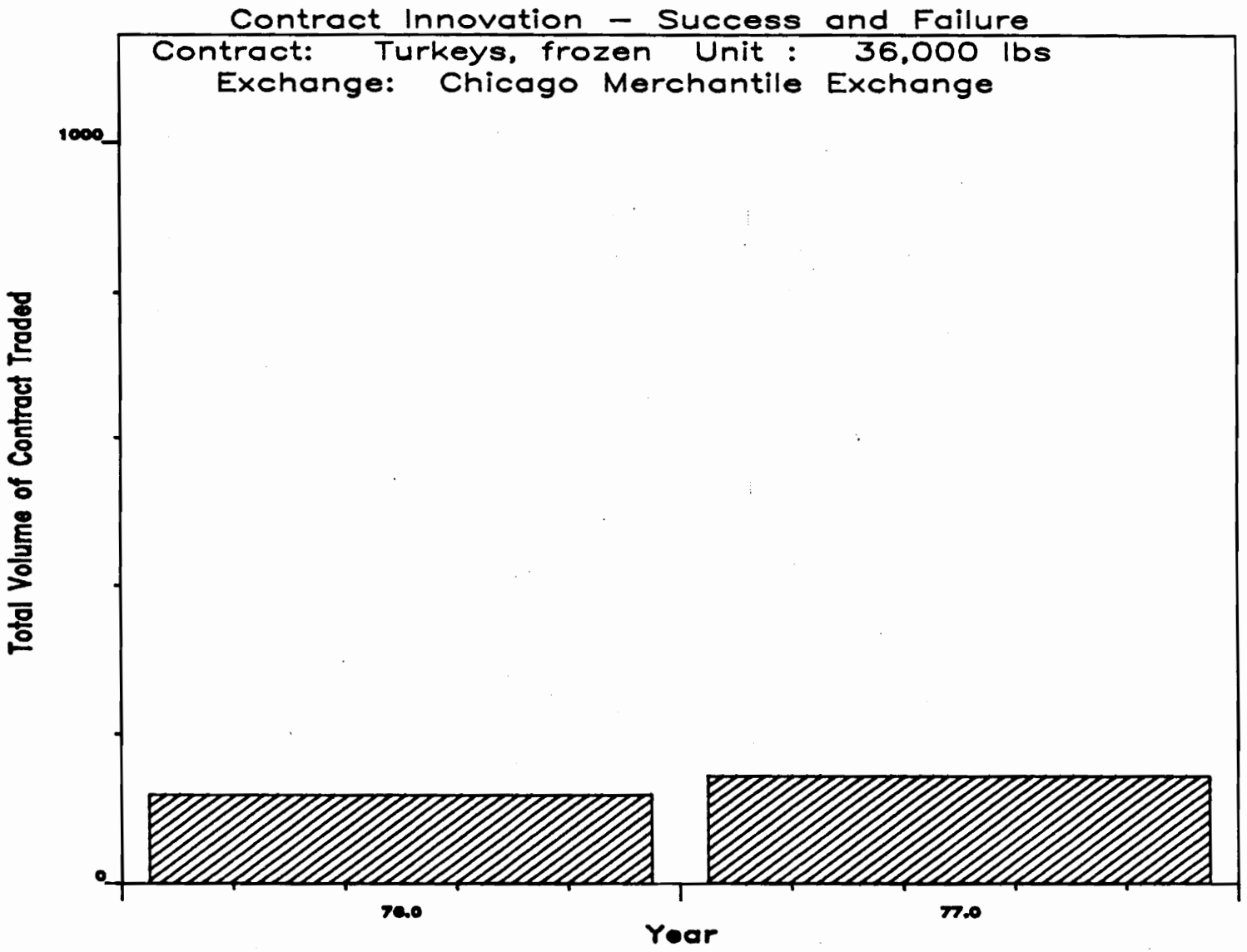

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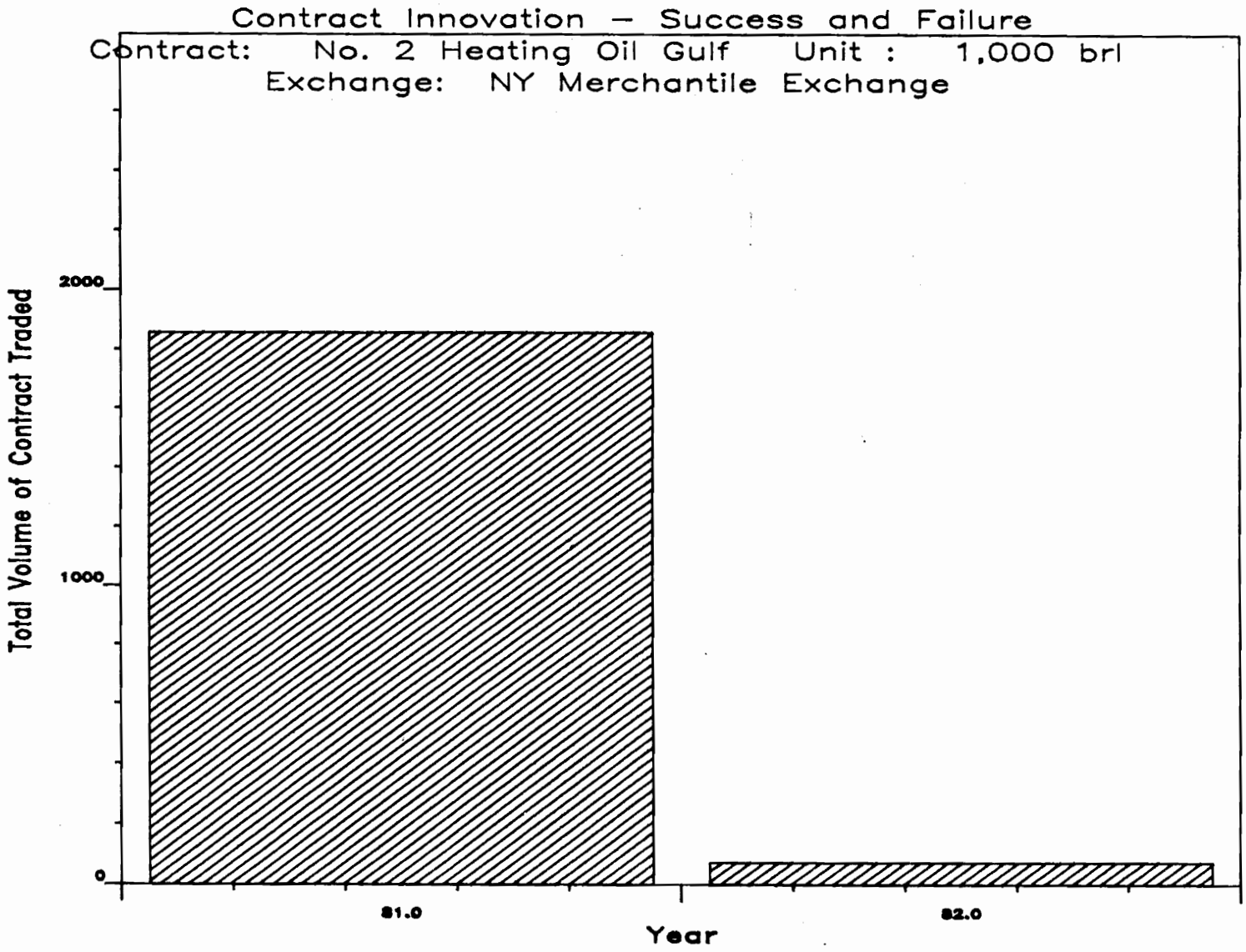

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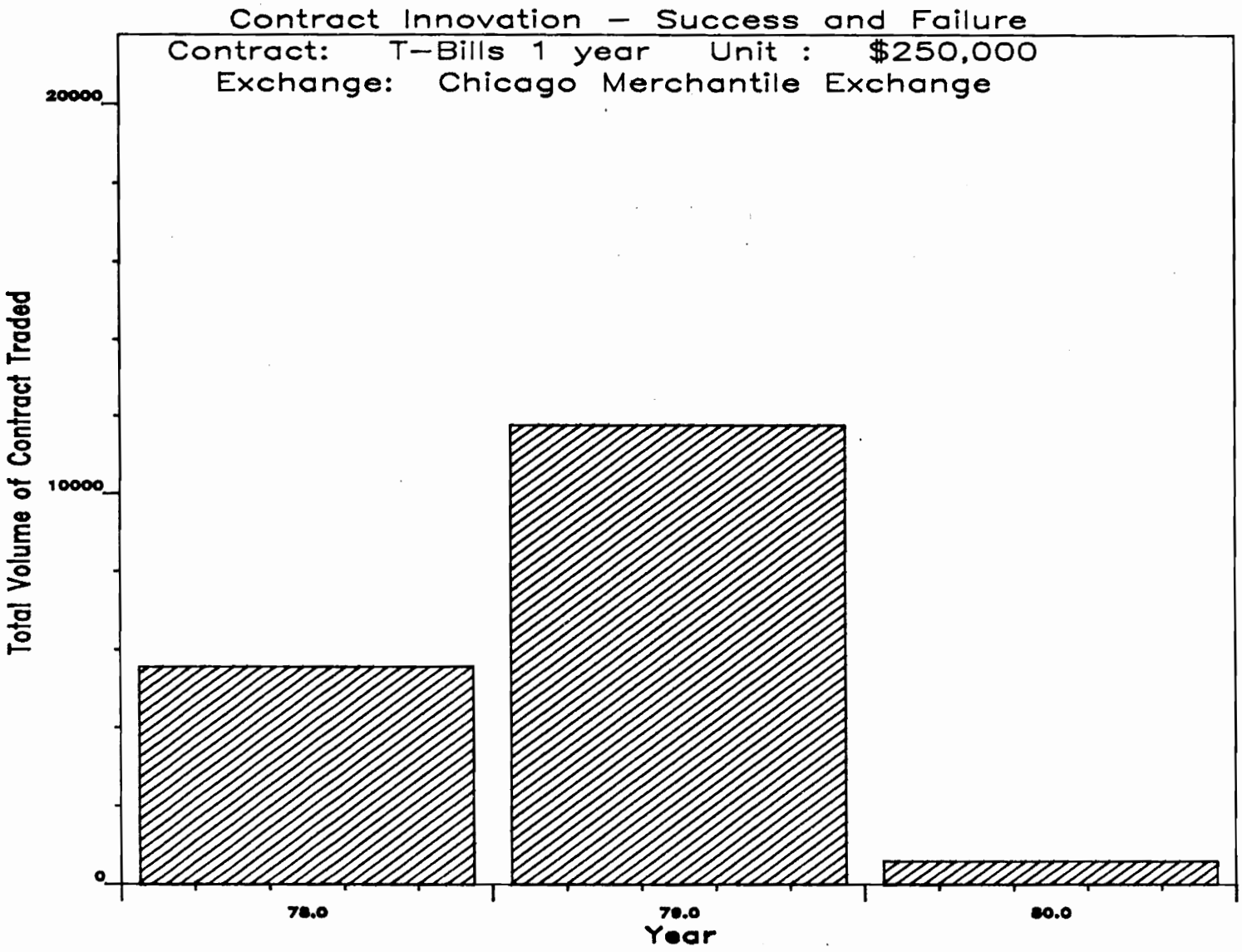

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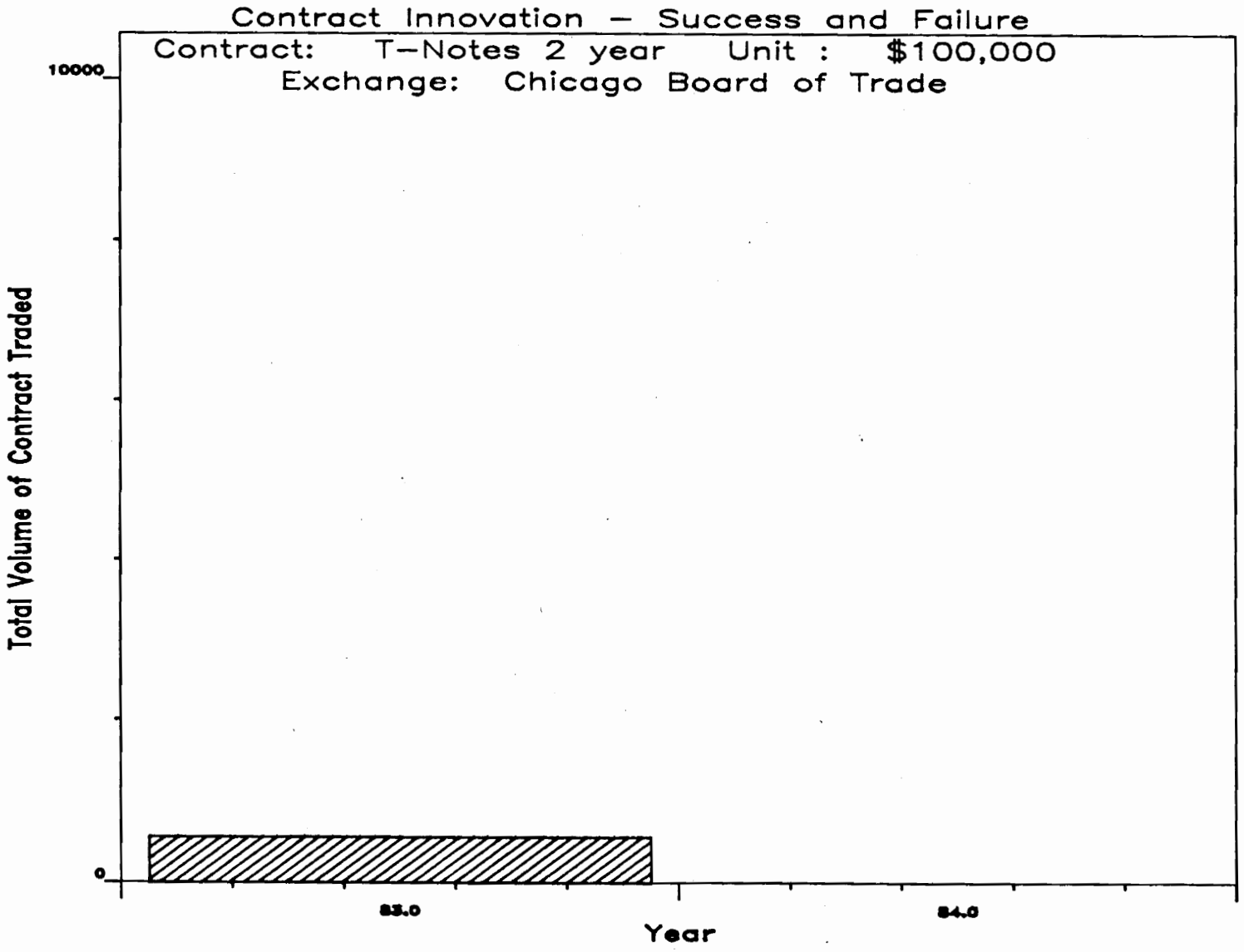

Figure 42

Source: Futures Industry Association

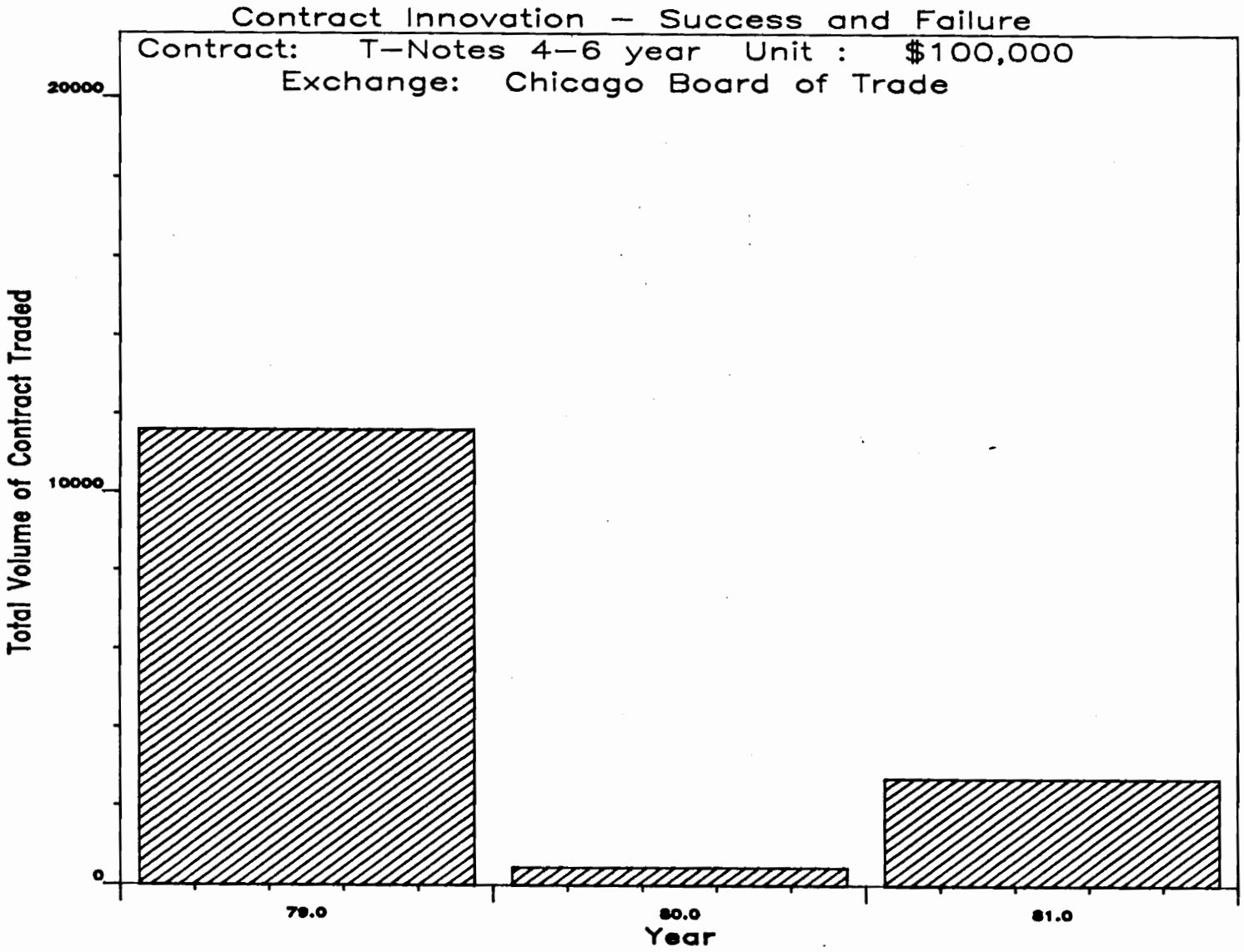

Figure 43

Source: Futures Industry Association

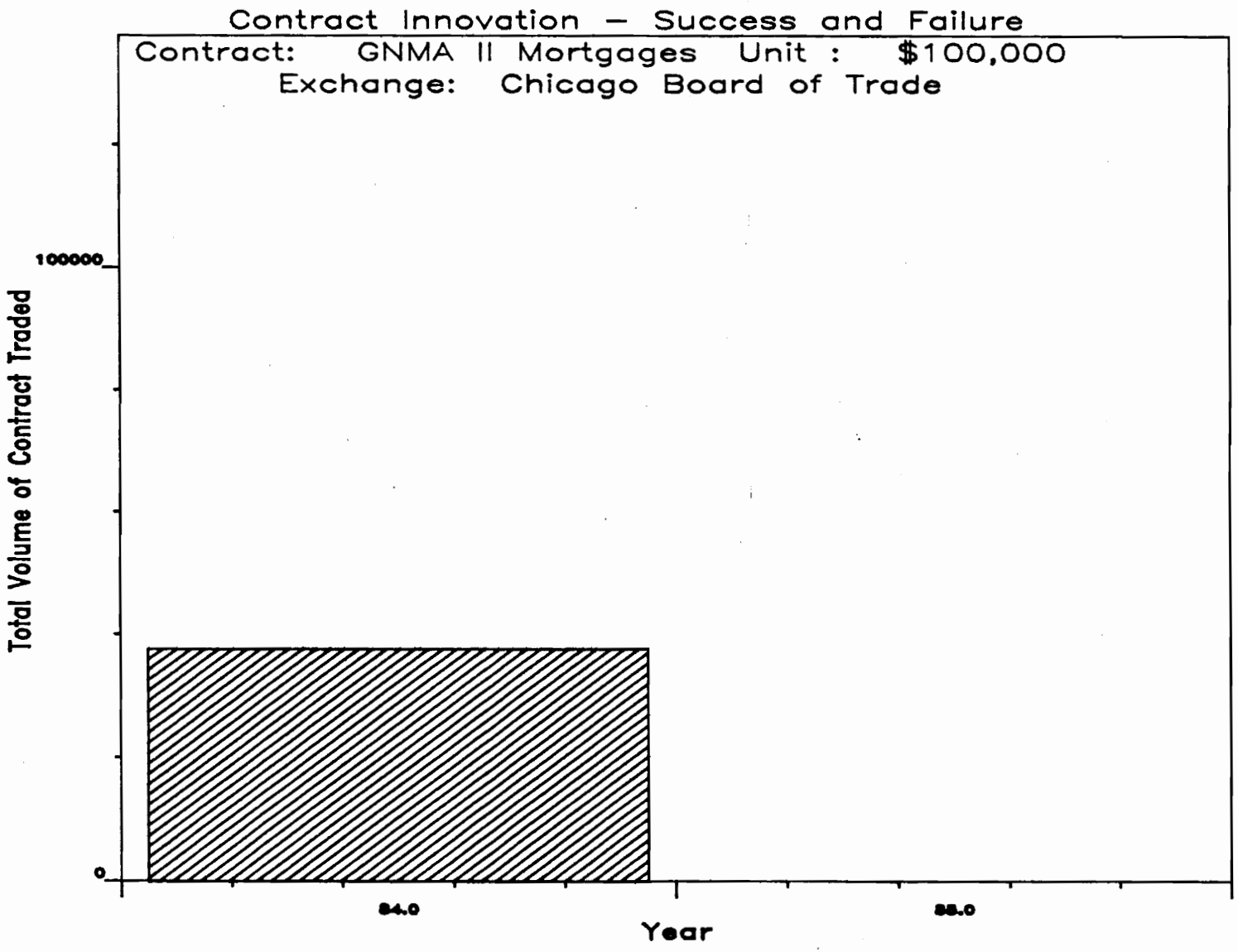

Figure 44

Source: Futures Industry Association

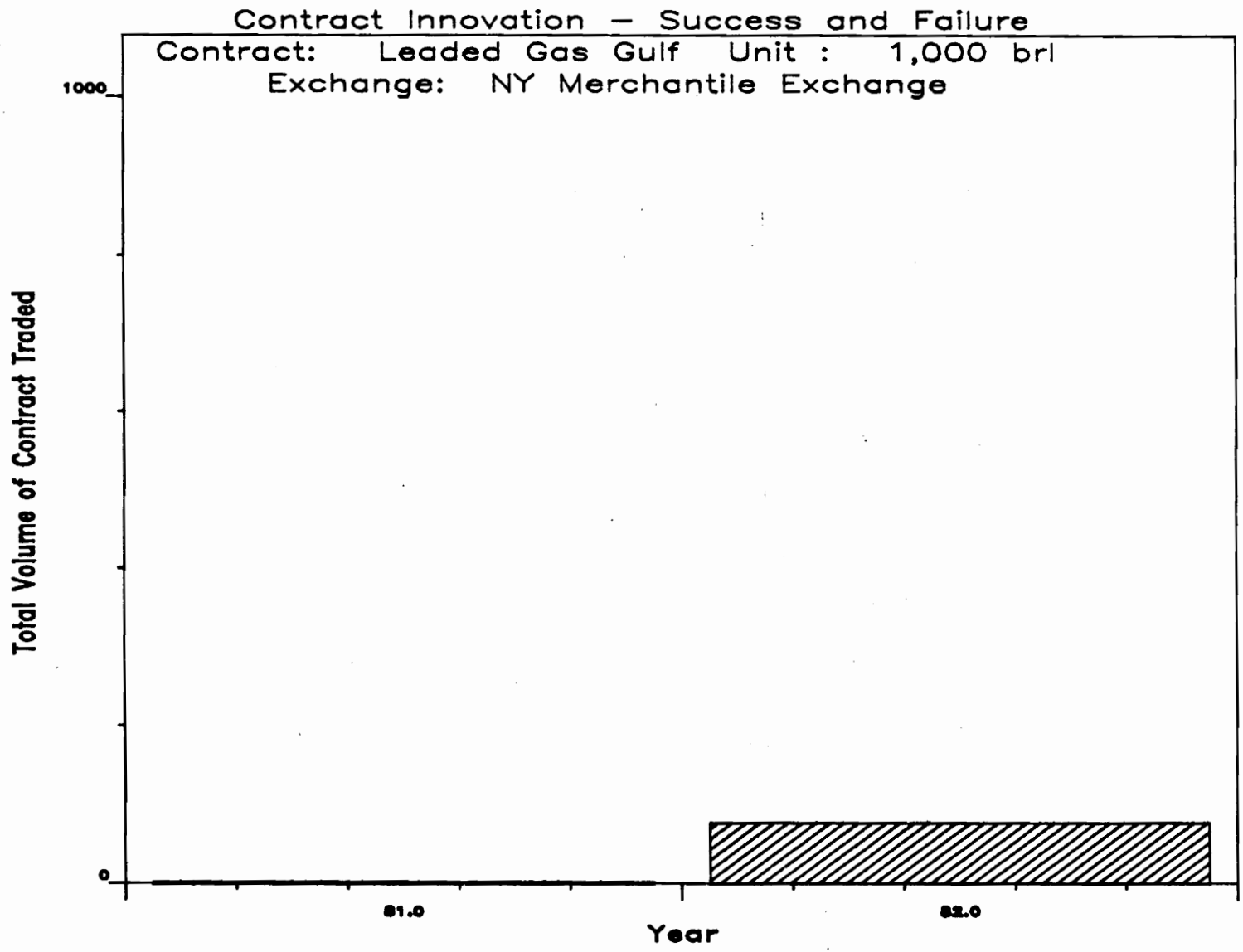

Figure 45

Source: Futures Industry Association

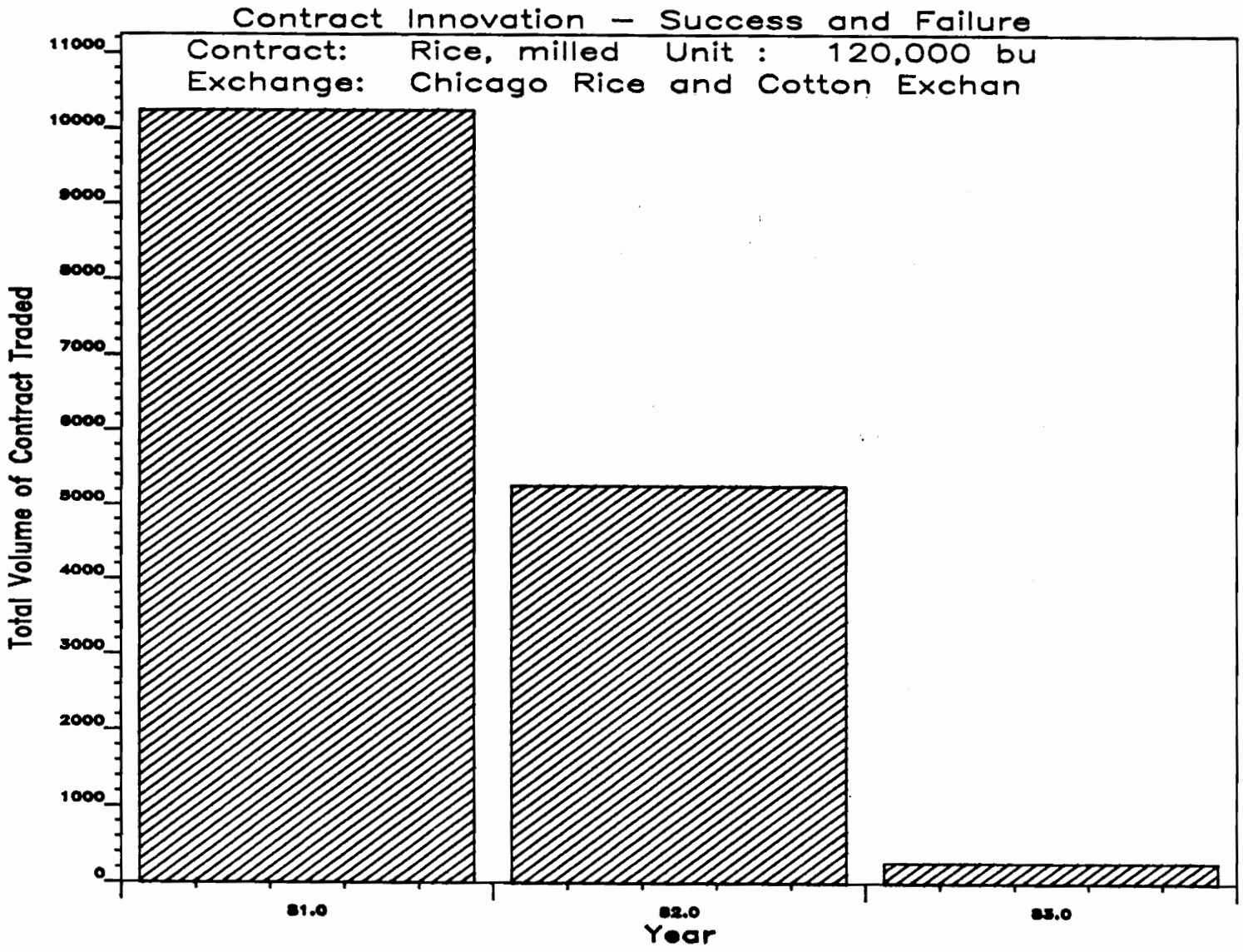

Figure 46

Source: Futures Industry Association

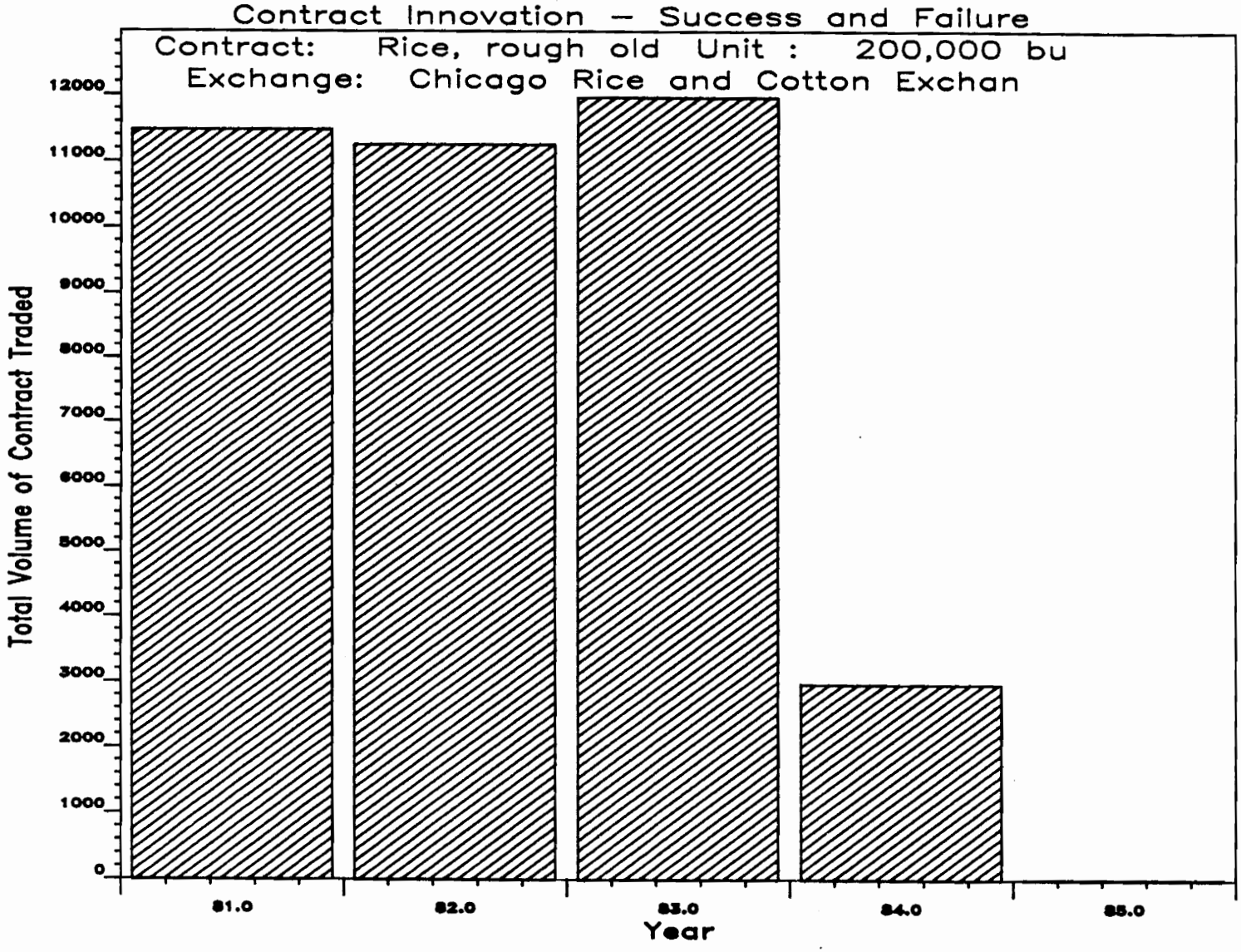

Figure 47

Source: Futures Industry Association

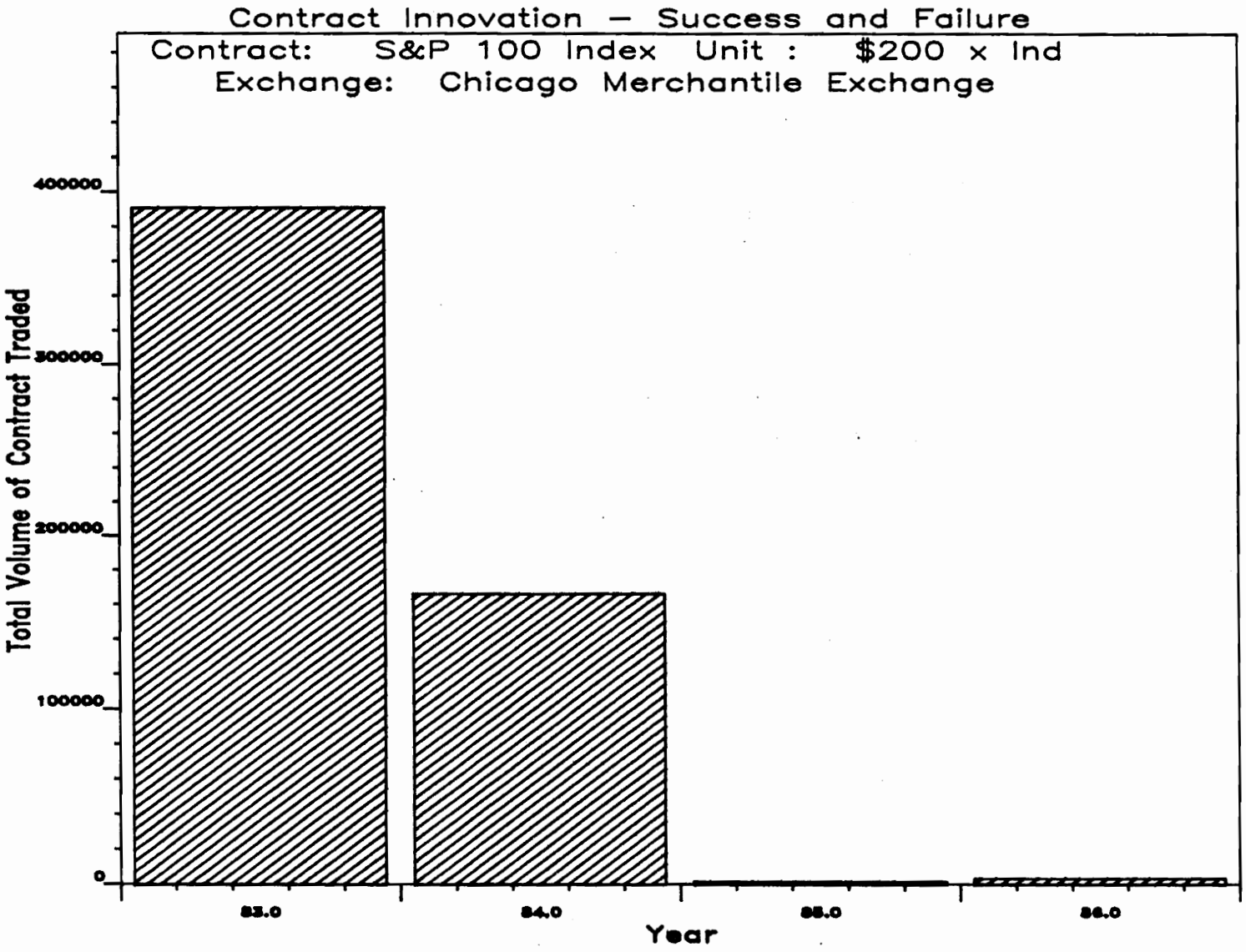

Figure 48

Source: Futures Industry Association

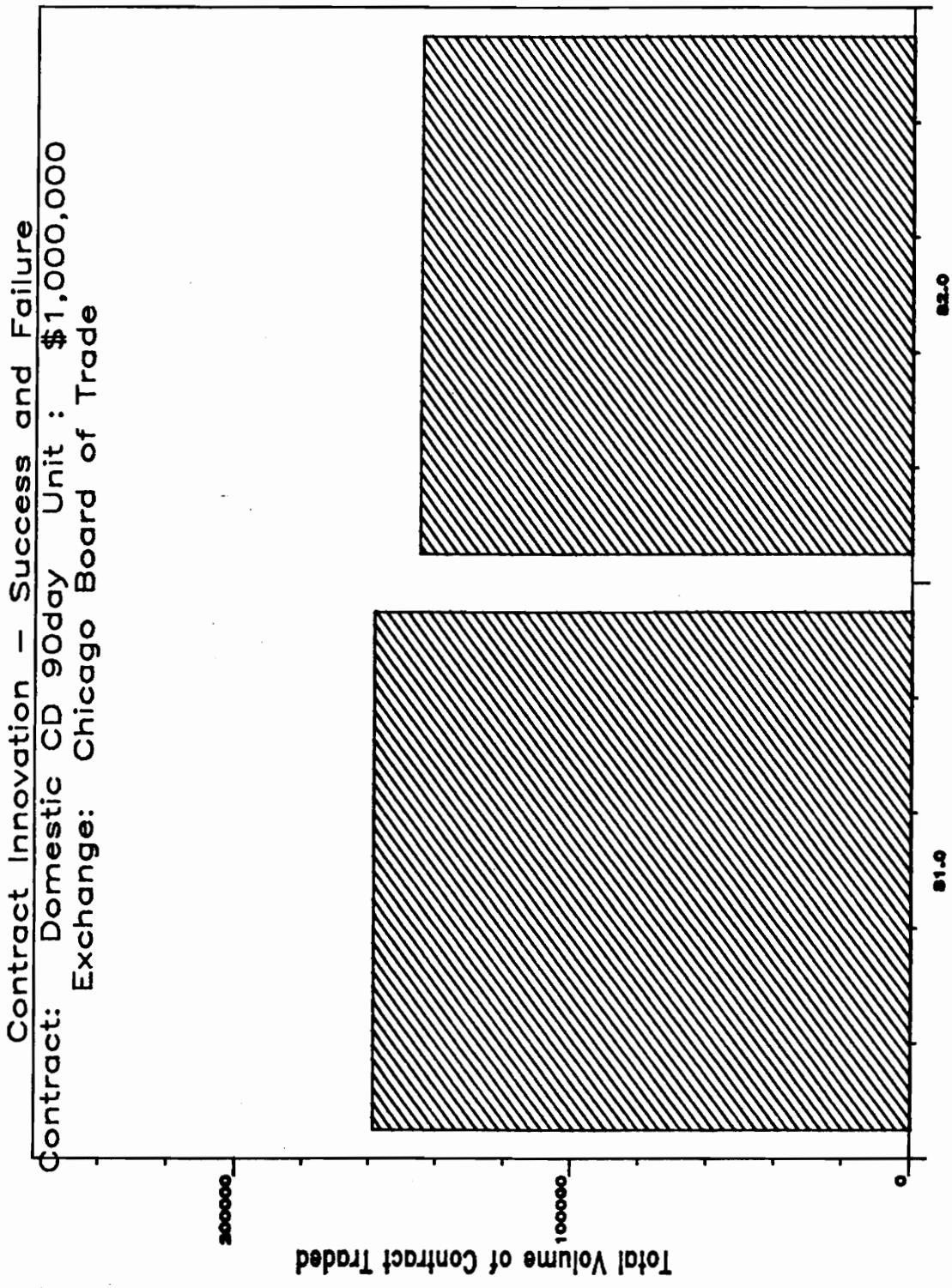

Figure 49

Source: Futures Industry Association

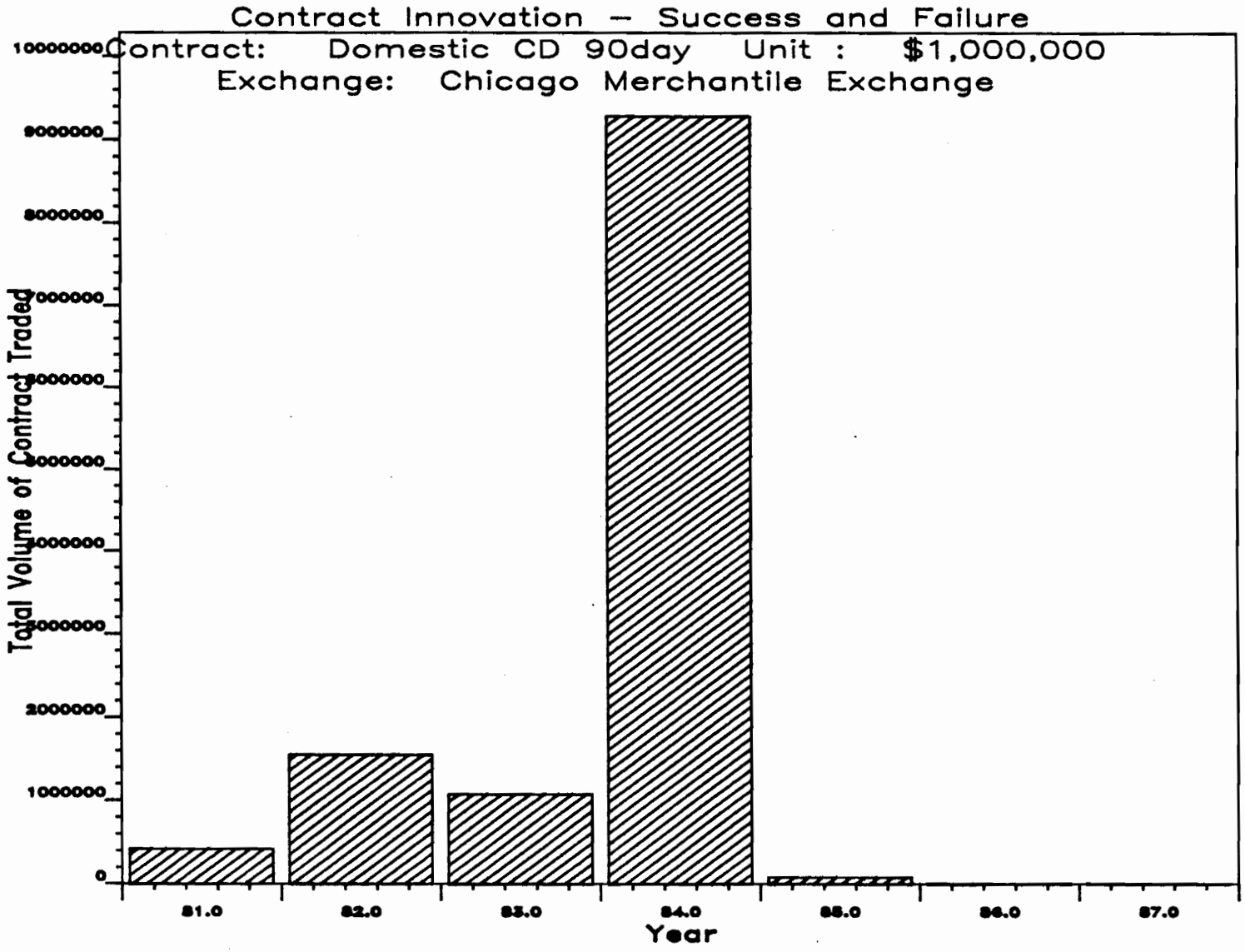

Figure 50

Source: Futures Industry Association

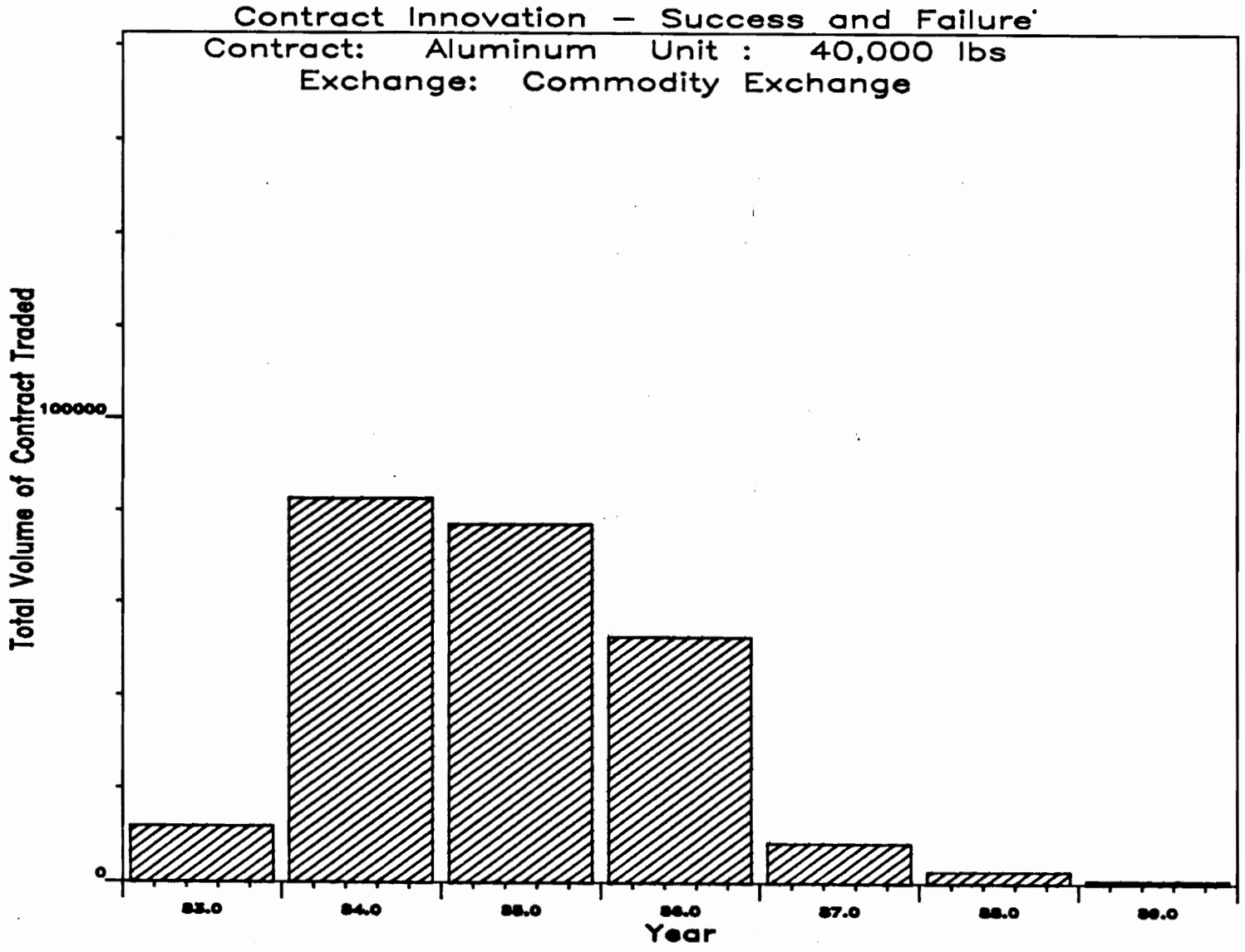

Figure 51

Source: Futures Industry Association

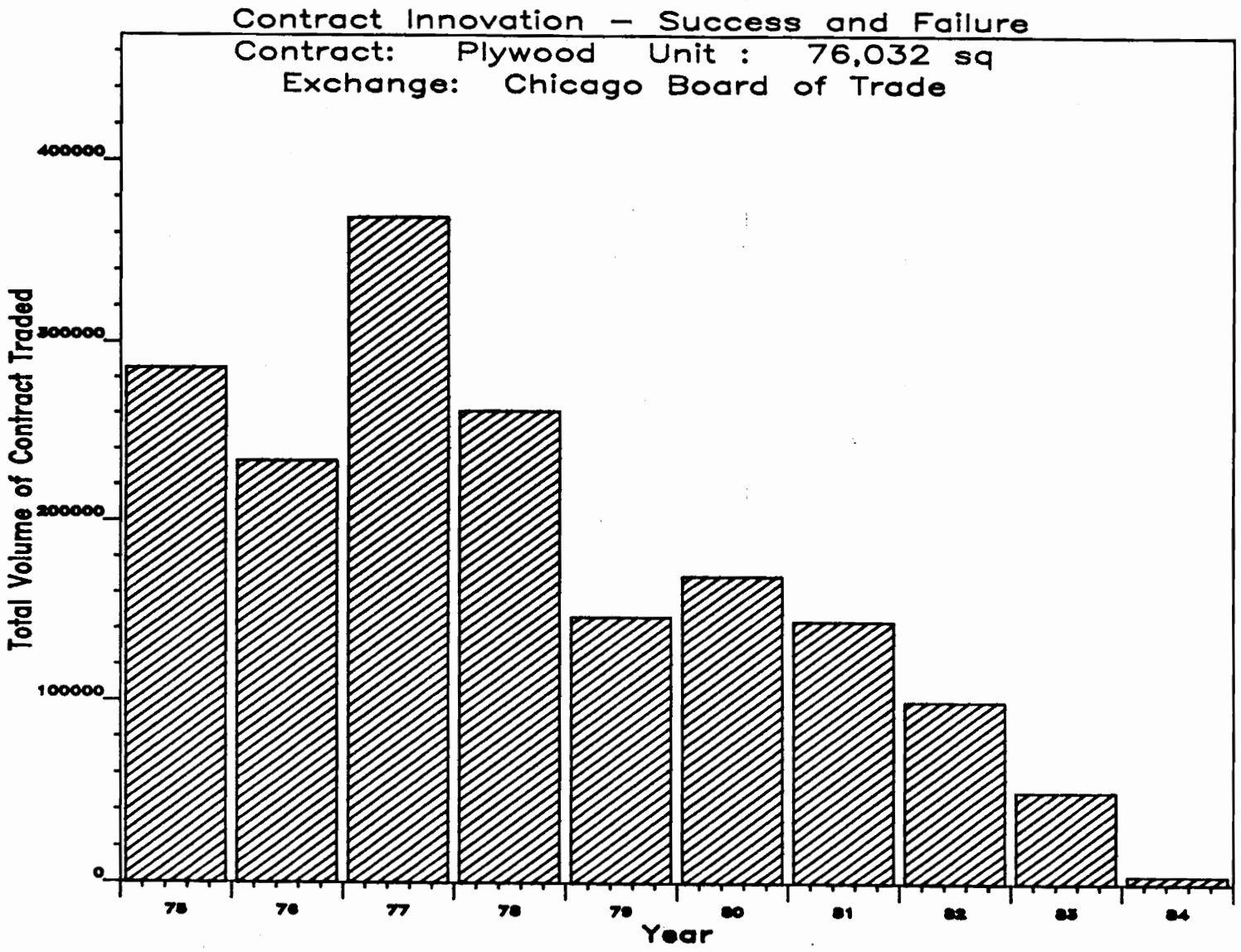

Figure 52

Source: Futures Industry Association

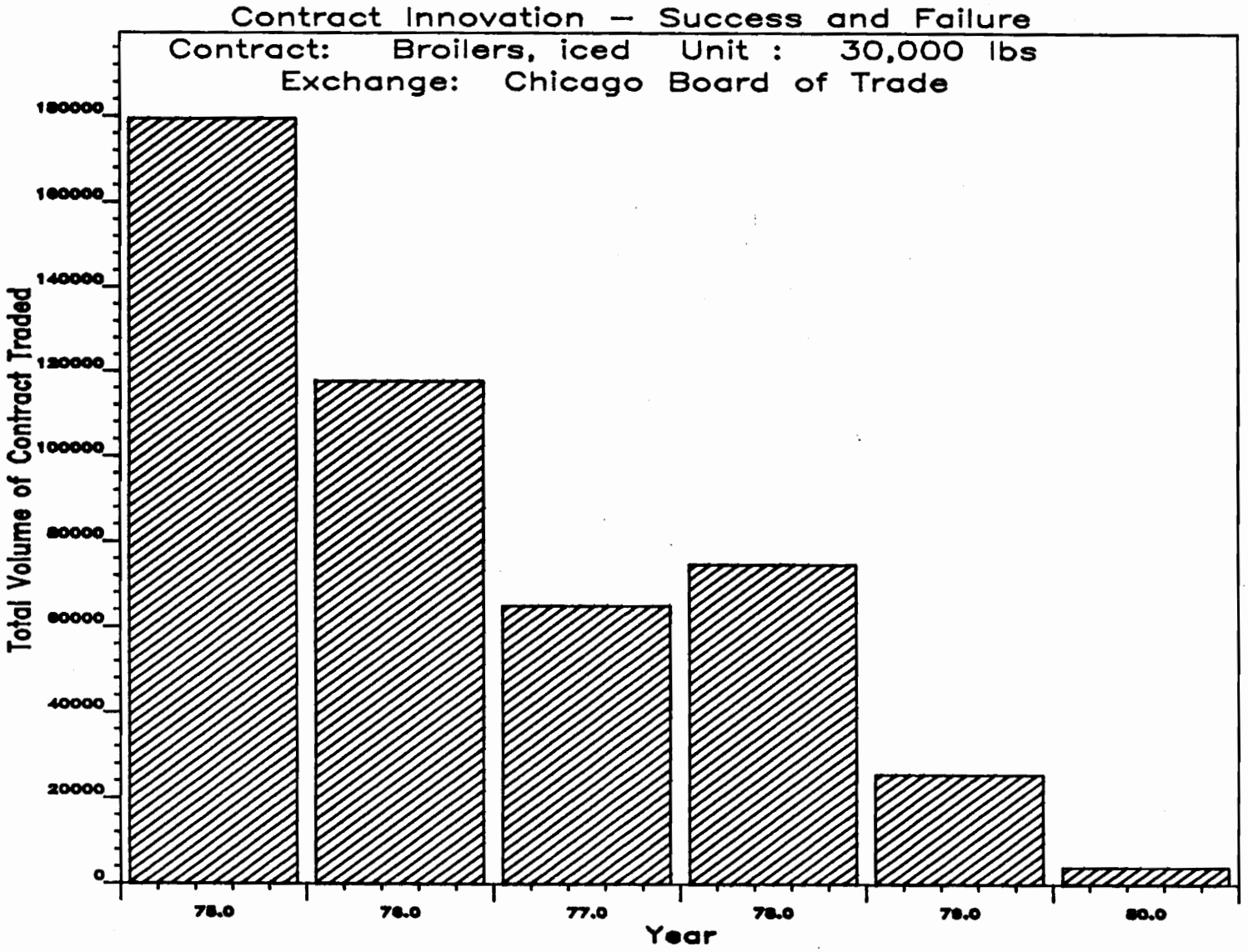

Figure 53

Source: Futures Industry Association

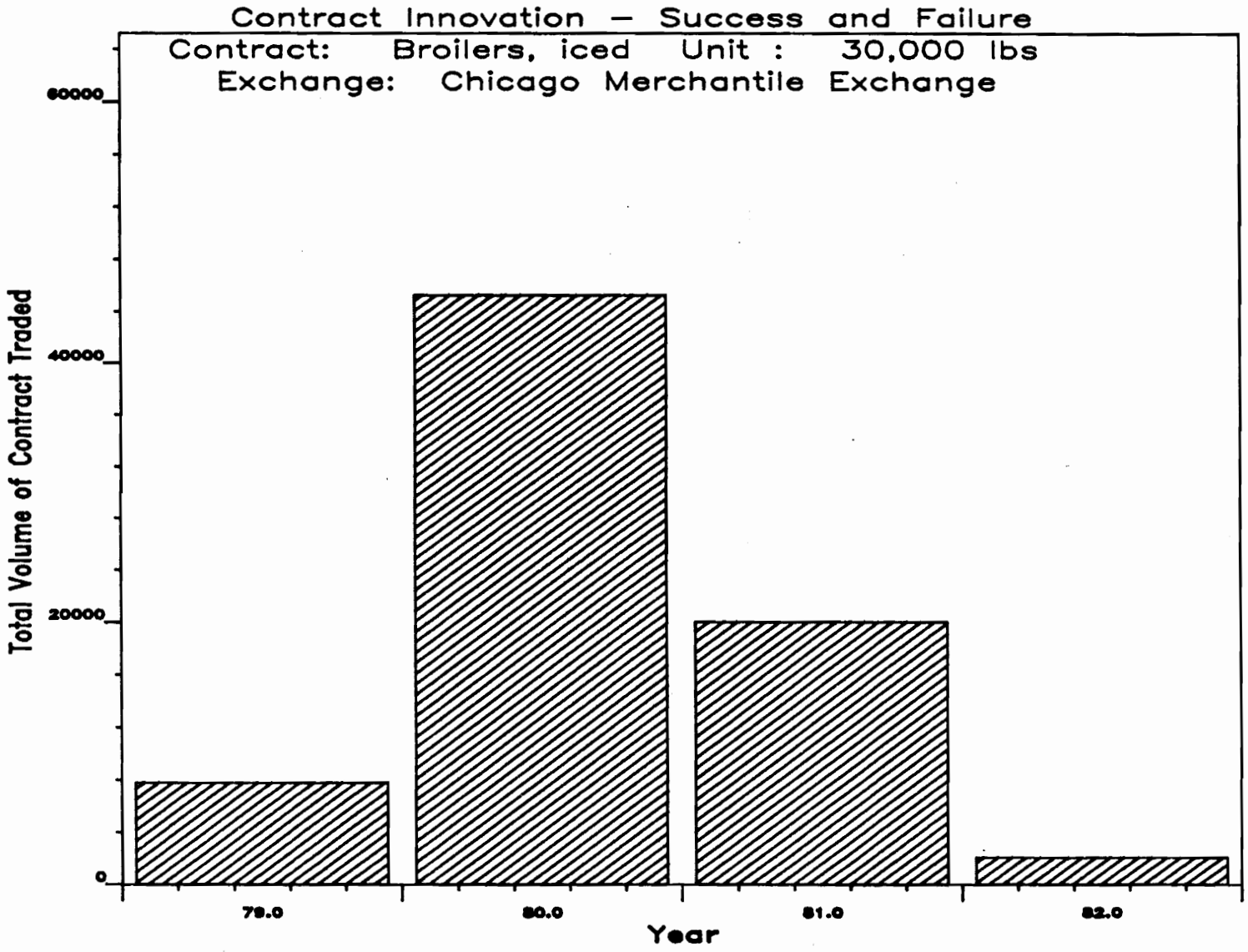

Figure 54

Source: Futures Industry Association

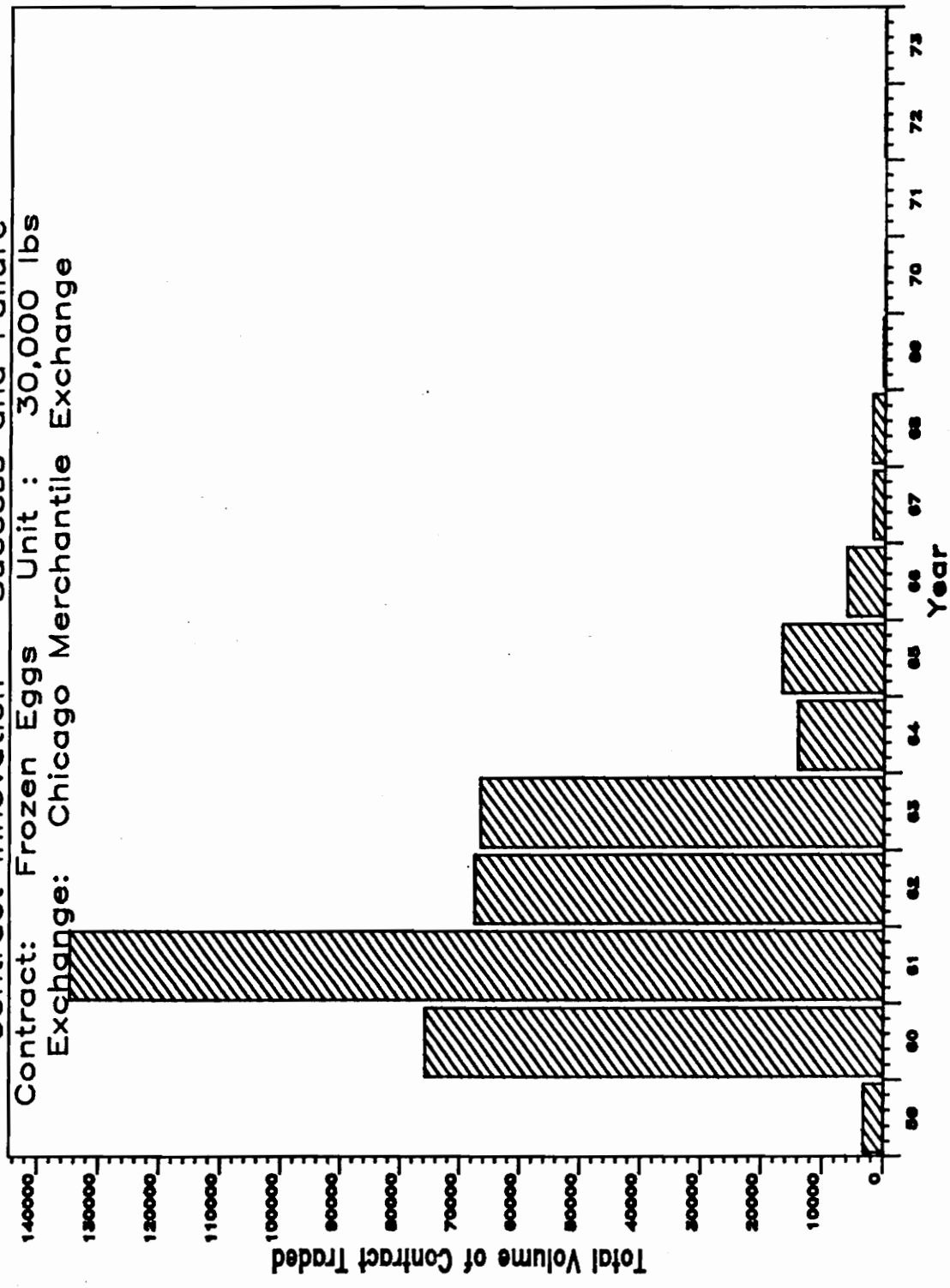

Figure 55

Source: Futures Industry Association

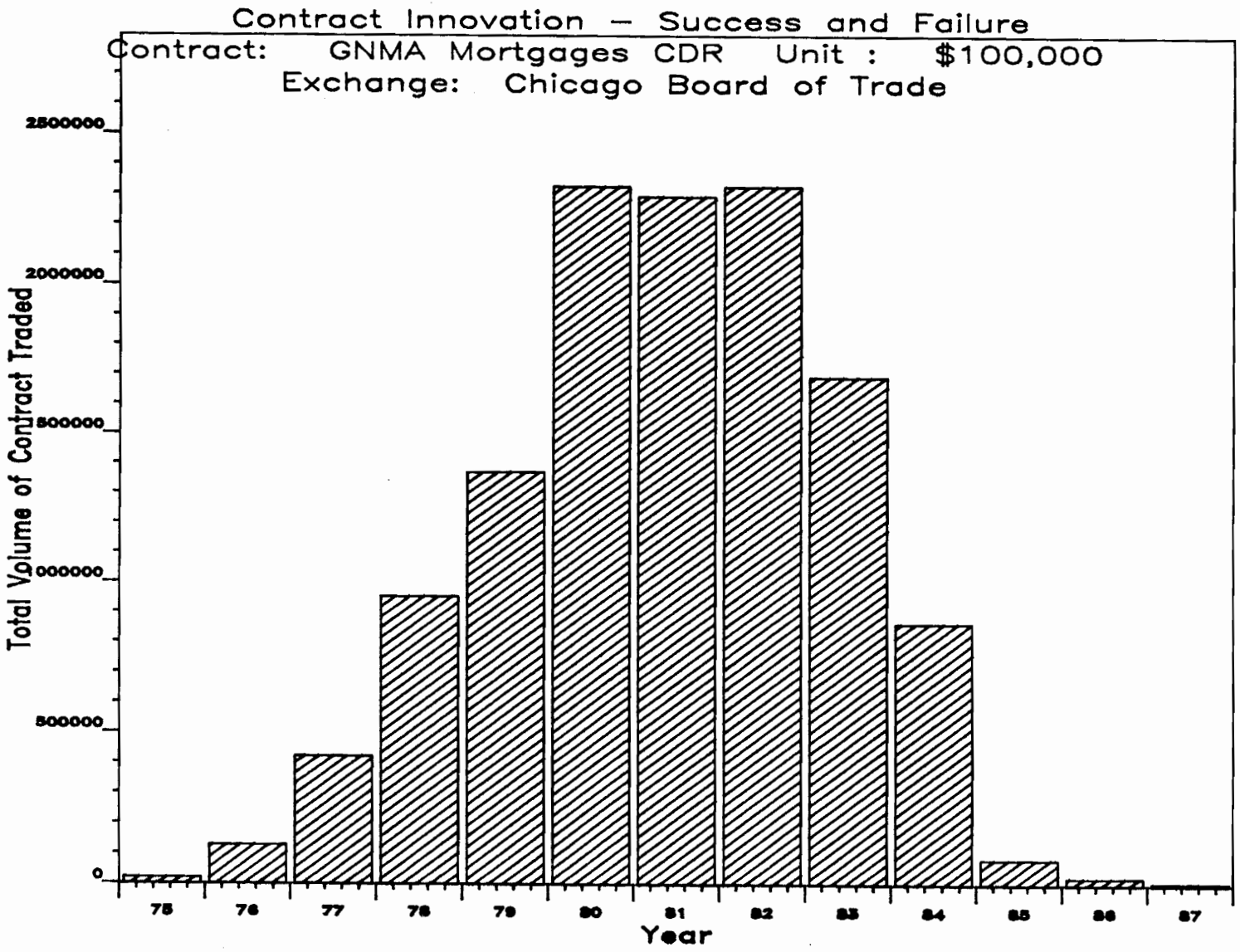

Figure 56

Source: Futures Industry Association

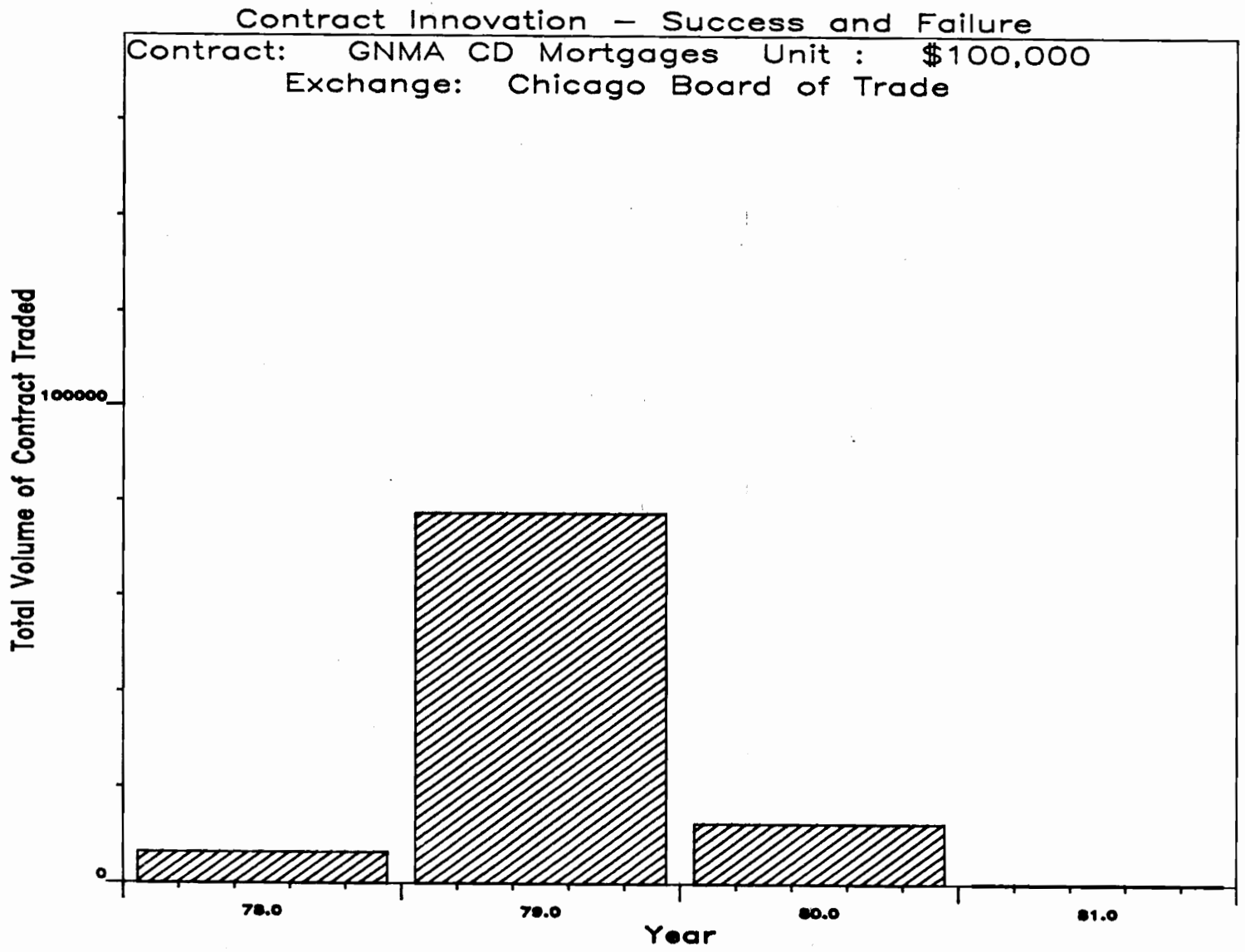

Figure 57

Source: Futures Industry Association

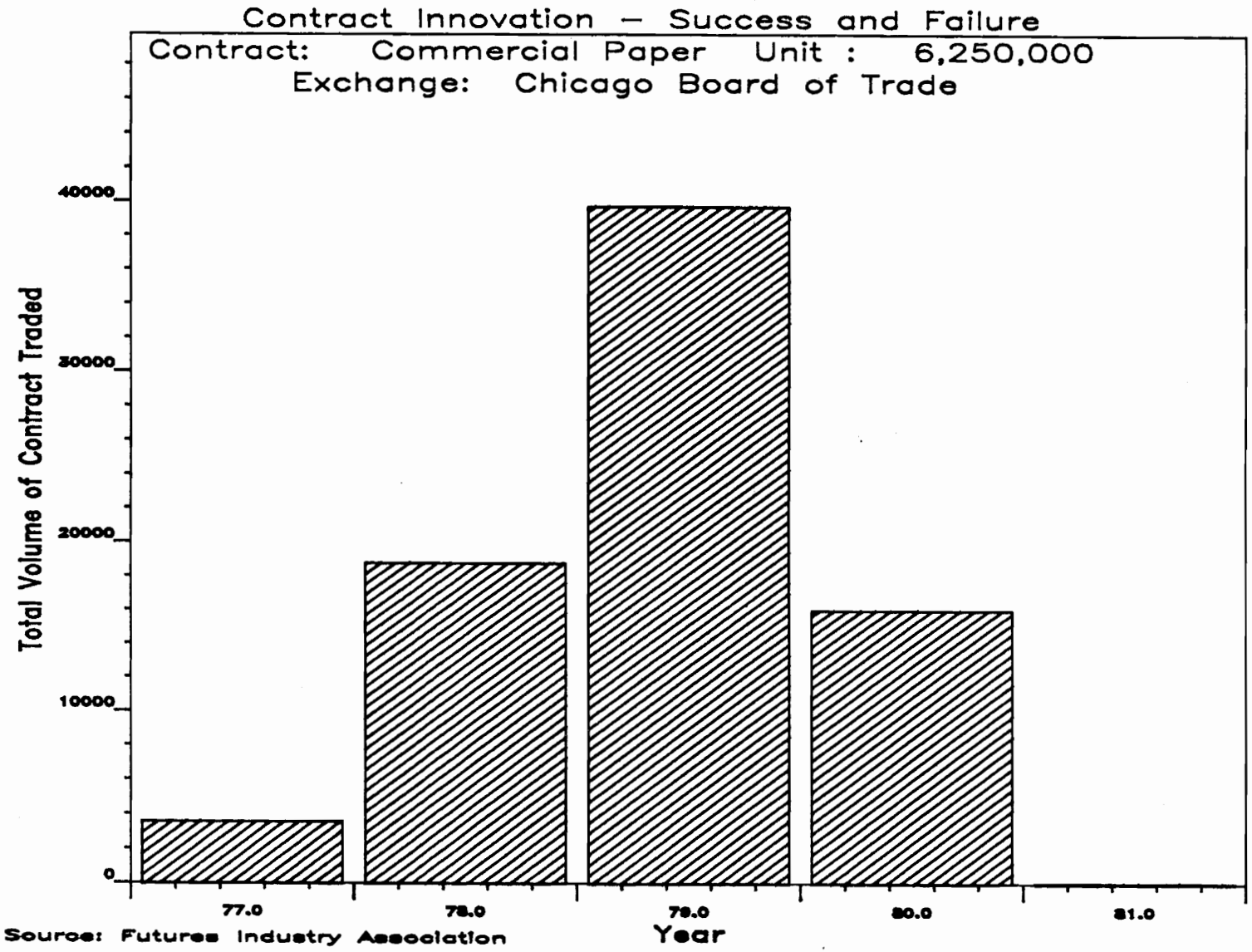
Contract Innovation – Success and Failure
Contract: Commercial Paper Unit : 6,250,000
Exchange: Chicago Board of Trade
Total Volume of Contract Traded
40000
30000
20000
10000
0
77.0
78.0
79.0
80.0
81.0
Year
Source: Futures Industry Association

Figure 58

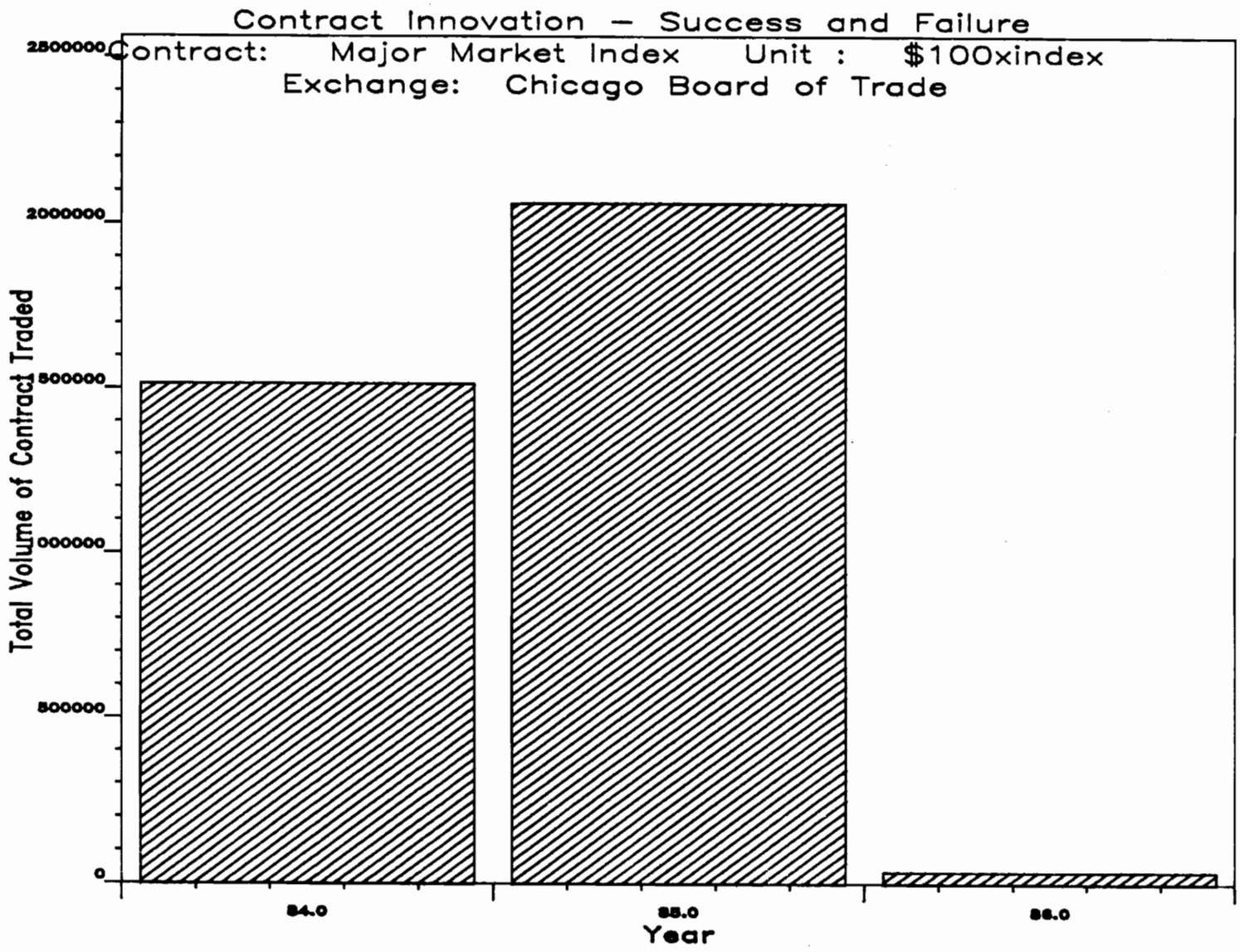

Figure 59

Source: Futures Industry Association

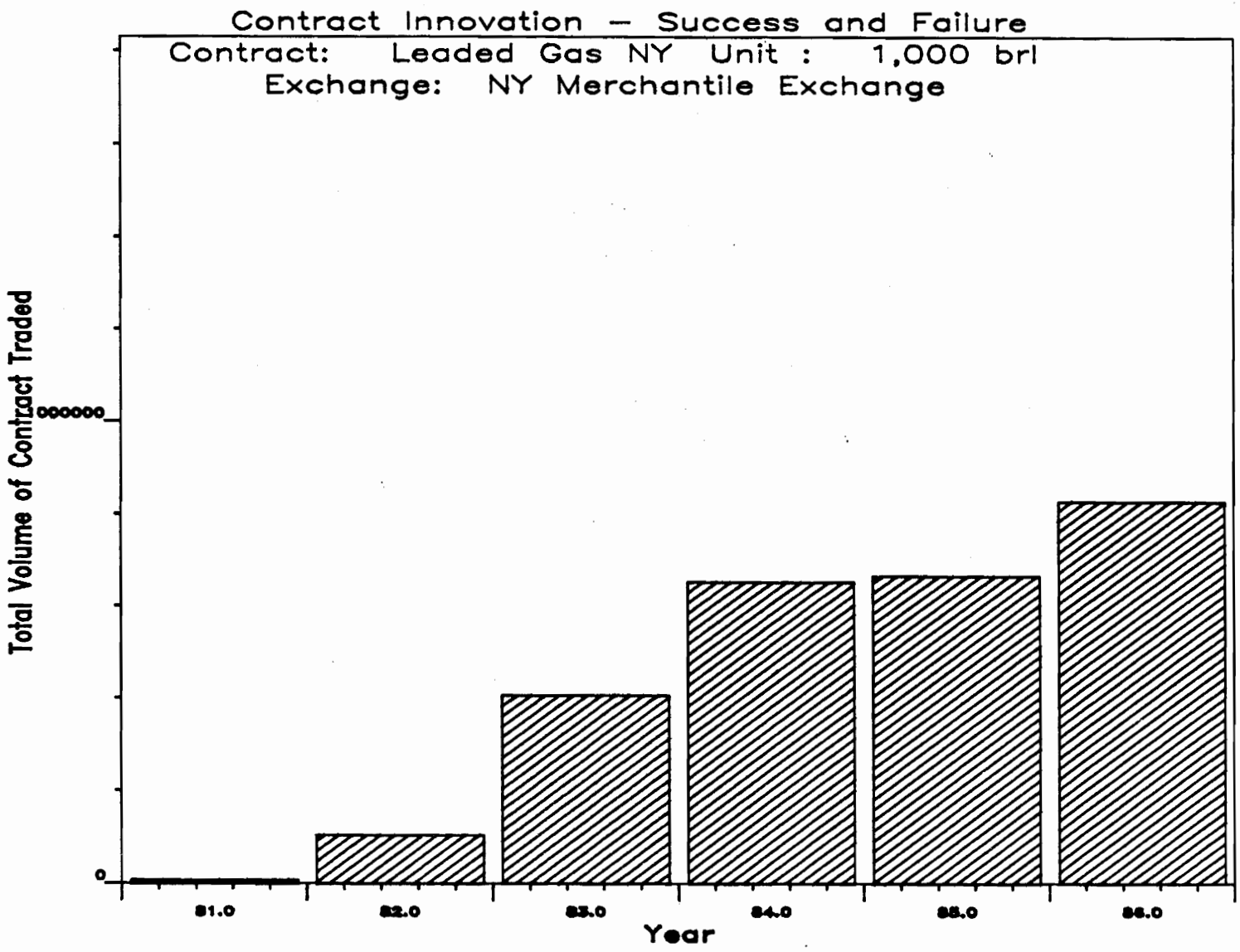

Figure 60

Source: Futures Industry Association

the first year then mushrooming may have suffered from the typical lack of exposure plaguing any newly innovated product. The inhibition of a contracts growth potential stemming from a lack of advertising is further compounded by Reporting Services requiring requisite level of open interest prior to publishing trading statistics. Alternatively a contract achieving a somewhat minimal degree of trading volume before fading into anonymity is probably just receiving a cursory dabbling from speculative interest sparked by the novelty of innovation, interest that trails off rapidly once the realization of minimal market appeal is manifested.

The third category provides a more, albeit difficult to quantify, interesting category. This pattern exhibits a period of initial trading success over a period of years, often escalating to a high degree of open interest, before plummeting rapidly to obscurity. The explanations for this behavior are not intuitively obvious, but rather have to be developed on an individual basis through researching each individual contract, commodity, and perhaps even consumers, producers, and production process.

This statement is best explained through example. Take the instance of the Frozen Egg contract traded on the Chicago

Mercantile Exchange. Upon initial examination, the contract proves difficult to categorize directly; it was instituted in 1959, receiving a cool reception, with a volume of 3228. In the succeeding four years interest ballooned achieving a high of 134,616 contracts traded with typical volume in the region of 70,000. In the subsequent years, prior to the cessation of trading, volume dropped drastically to an average of 6,836 contracts per year. So, why the dramatic change? The explanation of rapid increase in market interest is easiest to address. Upon closer examination, the inception of the Frozen Egg contract in 1959 proves, not to be a brief flash of success in the trading pan, but the opening of yet another chapter in a rather long book. The Chicago Mercantile Exchange has been trading a futures contract, in various incarnations, based upon the seasonal variation, and hence the discontinuous inventory function, of egg production since 1936. The contract instituted in 1959 proves to be yet another incestuous offspring that suffered from an initial period of anonymity, stemming from the termination of the preceding contract and the ensuing restimulation of market interest after a period of non-trading, before achieving due trading attention.

The question, then, is why after such blatant success would a contract be rewarded with such a sudden retraction of interest? The answer to this question is not so readily tenable, especially from market trading data. The clue lies in the implicit purpose of the contract itself; a vehicle to hedge the implicit price volatility inherent in discontinuous inventory products typified by a seasonal element in production. Exploring the climate of the commodity's industry during the period of innovation reveals the explanatory event; innovation in production technology removed the inflexible seasonal component from production[18]. This had the immediate effect of eradicating seasonal variation in production, thus reducing price volatility and hence the marginal benefit of futures contracts based upon eggs.

C. QUANTIFYING FAILURE

Futures contracts that experience rapid declines in trading volume or abrupt cessation of trading are usually characterized by a fundamental change in the need for the contract either, as in the egg example, because of an inherent

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[18] Miracle, Diane S. [1972] "The Egg Futures Market: 1940 to 1966." Food Research Institute Studies 11 in The Economic Function of Futures Markets, Williams, Jeffery [1986] (Cambridge University Press, New York)

change in the nature, or condition, of the underlying commodity, or because the function served by the contract has been usurped or transferred to another vehicle. The contracts for Rice are a good example of this phenomenon. Initially the vehicle for hedging price risk present in rice production was limited to one contract based upon milled rice. Over time the realization was made that rice production involved sufficient varietal diversity to warrant individual contracts. With the inception of strain specific contracts the generic rice contract suffered an abrupt death. Interestingly, the growing pains of the newly instituted contracts provide microcosms of the whole; market interest is manifest, as evidenced by immediate trading success, followed by ostracism in favor of ensuing contractual redesign.

In terms of the previous two categories of inception behavior, those of wild success and dismal failure, failure is, by far, the more interesting. The explanations for failure run the gamut from the blatantly obvious thru convoluted and ends, unfortunately, with the inexplicable.

D. SUCCESS VS. FAILURE: A COMPARATIVE STUDY

An interesting example of contract innovation that, at least with a cursory examination, might be termed inexplicable concerns the introduction of a futures contract on Crude Oil. On March 29, 1983 both the Chicago Board of Trade (CBOT) and the New York Mercantile Exchange (NYMEX) introduced innovative new contracts based upon Crude Oil. The tremendous volatility then inherent in the world oil markets coupled with the rapid price escalation of the preceding decade would seem to create the ideal atmosphere for contractual innovation, especially given the theoretic indicators of potential success prevalent in the literature. Why, then, would one contract fail dismally while the other enjoys roaring success? The contract instituted by the Chicago Board of Trade ceased trading on August 3, 1984, just eighteen months later, with a total volume traded of 95,219 contracts - 94,591 of which traded in 1983. The contract instituted by the New York Mercantile Exchange, however, traded 323,153 contracts in the remainder of 1983 alone and in 1989 traded an average of 56,259 contracts per day for a total volume of 20,534,865.

The contracts do not seem to differ overly, one from the other, they are identical in quantity, but vary in type of crude oil specified for delivery and point of delivery. The

type of crude underlying the contract should not have a significant effect on the popularity of the contract as there are a tremendous variety of weights and qualities. This diversity would be impossible to represent with a single contract, hence, either contract would be fulfilling somewhat of a crosshedging function across grades. Alternatively, due to the difference in price risk/volatility across grades duplicative contracts offering a direct hedging facility may be attractive too hedgers, typically possessed of large inventories and hence experiencing a high degree of inventory holding risks. So it is not intuitively obvious that market participants would experience only minimal marginal benefit from a duplicative set of contracts.

This leaves the examination of the points of delivery to possibly elucidate the problem. Although not necessarily solving the mystery the examination does, however, illuminate some interesting facts. The Chicago Board of Trade Crude Oil contract specifies the Gulf of Mexico as its point of delivery. This location has the advantage of being a major port for U.S. delivery of foreign crudes, foreign producers far exceeding the production of domestic wells. The point of delivery for the New York Mercantile exchange proved to be

inland, Oklahoma, which in all practicality would be inaccessible to foreign crude shipments. This is, of course assuming, that the terms of delivery are a pertinent factor in the consummation of trade in a crude oil futures contract. In answering this question we need only to study the volume of energy contracts represented in cash settlements (Figure 3). As the graph shows, energy contracts are significantly underrepresented in the cash settlement of transactions. Pursuing the point further; examination of Table 1 and calculation of the actual percentile volume of cash settlements in relation to the volume of energy contracts traded yields a cash settlement volume of less than one percent. Why, then, does a contract, specifying delivery at one of the major trading points for its underlying commodity, fail miserably while a contract specifying an obviously poor delivery point enjoys wild success. But for the trading history of the respective exchanges, the search for an explanation of this instance might require an element of immaculate prescience.

Prior to the inception of the crude contract NYMEX had previously innovated contracts on leaded gasoline. In an attempt to capture differing expectations of market interest

contracts were drawn specifying delivery in both New York and the Gulf of Mexico. The contract based in New York received a warm reception quickly exploding in volume. The Gulf contract, however, with all its explicit trading benefits, never traded more than 77 contracts. It is reasonable to assume, that, based upon their experience with the leaded gasoline contract and the popularity of the resultant New York delivery point, NYMEX tailored their crude contract for potential market success. Thus, it may be seen that the contractual provisions of the contract do, indeed, directly impact the potential success of a futures contract, especially when a contract is to be instituted on a direct competitive basis. This raises the issue of pertinent factors an exchange must consider in the identification and specification of a new futures contract.

CHAPTER IV

Successful Innovation by Design

A. TAILORING FOR SUCCESS

To be successful, a futures contract must be designed to promote participation of both hedgers and speculators. Hedgers are attracted by the opportunity to counter-balance price risk inherent in their production or inventory holding functions. Speculators are attracted by the opportunity to profit from the same price uncertainty and their own subjective degree of risk aversion. Hedgers provide the bulk of trading interest, but, speculators interject the liquidity essential for contract trading success by enabling hedgers to put on and take off hedges at a relatively low marginal cost. To facilitate hedging the underlying commodity should suffer the risk of price uncertainty but the basis risk should not be excessive. The commodity should also be free from potential manipulation, an extension of which is sufficient market volume to prevent individual trades from affecting contract pricing. "The [tailorable] components of a futures contract ... [implementing these objectives] ... include the

deliverable grade of the commodity, the delivery location, the size of the contract in terms of the commodity, the number of contract months in which contracting takes place, the units for price quotation, maximum daily limits on price movements, trading hours, margin requirements, and the size of reporting positions and position limits for individual traders".[19]

B. SUCCESSFUL INNOVATION

1. Contract Innovation

There are, essentially, two approaches an exchange may adopt in attempting new product innovation: the first approach is to develop contracts on new commodities, and the second is to develop contract modifications to compete or usurp existing alternatives. These two strategies are obviously not mutually exclusive, especially when quantified by the efficient crosshedge consideration. Of the two approaches, the development of a competing contract takes considerably less time and expense as hedgers and speculators are possessed of a predisposition toward utilization of the familiar vehicle. The potential returns to a duplicative contract are, however,

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[19] Silber, William L. [1981], "Innovation, Competition, and New Contract Design in Futures Markets," Journal of Futures Markets, Vol. 1, No. 2(Summer), p. 123-155

much lower than those accruing to an original innovation. This fact stems from the high degree of liquidity likely to be present in the existing contract. Hedgers and speculators can trade contracts freely at close to the most recent transaction price due to the large volume of active market participants. The duplicative innovation will be handicapped by its inherent lack of liquidity and, even though it may offer significant benefits over its competitor it may not overcome the higher transactions costs associated with lack of liquidity.

A similar analysis may be posed for a new innovation of a direct commodity hedge. If the efficient crosshedge exists with a greater degree of liquidity the direct hedge may languish in obscurity, this case was illustrated in the literature review by the innovation of a direct hedge on Pacific Northwest Wheat failing to capture interest from the existing less efficient crosshedge on Chicago No.2 soft red wheat.

2. The Strategies of Innovation

It may be useful to explore the strategies an exchange typically adopts in the introduction of duplicative competing contracts. One possible strategy exchanges have found to be

successful has been the modification of one of its own existing contracts then causing both contracts to compete in the market for trading interest. This process has been adopted as a method of innovation in contracts on rice, corn, gasoline, coffee, cotton, and sugar. Another method of innovation has been the institution of a simultaneous duplicative contract in a direct attempt to garner interest currently focused at another exchange. The Chicago Board of Trade's attempt to institute a silver contract in direct competition to COMEX's existing high volume contract would be a perfect example of this approach. An extension of this strategy might be the inception of a new contract to compete with an existing low volume contract. This form of attempt is seen on a recurring basis, a particularly good example being the plywood saga. The last group of innovations tends to fall into the broad category of contract modifications. This category runs the gamut of all possible modifications that may be made to a contracts' provisions. The most frequent adjustments tend to be the modification in contract size, usually reductions. The sequence of innovations on gold, copper, oats and sugar by the Midamerica Commodity Exchange are good examples of this approach.

3. Successful Competition

When returning to the graphs of innovated contract trading volume one important fact comes to light, it tends to be very difficult to compete successfully with an existing high volume contract trading on another exchange. The benefits of existing contract liquidity are tremendously difficult to overcome. But it can be done particularly in the instances where the newly innovated competing contract offers some perceived advantage over the existing high volume contract. The previously mentioned Chicago Board of Trade innovation in silver highlights this scenario perfectly. The Commodity Exchange Inc. instituted a contract specifying 10,000 ounces of silver in 1963 to a total of 3,944 contracts traded. By 1969 the volume traded had mushroomed to 585,249 contracts. That year the Chicago Board of Trade implemented a duplicative silver contract in direct competition to COMEX's with a subtle difference in contract size, 5,000 ounces as opposed to 10,000. The initial reception of the contract was quite good with a year end total volume of 23,850 contracts traded. By 1971 the total volume of CBT 5,000 ounce contracts traded had increased to 559,330. Competition continued between the two contracts with the CBT contract averaging approximately sixty-

five percent of the COMEX volume. Finally, in 1973 COMEX cut the size of their contract to 5,000 ounces presumably to stem the steady inroads into their market share. After 1973 both contracts coexisted and flourished until 1981 when the CBT attempted to corner the market by offering a 1,000 ounce contract in addition to their existing 5,000 ounce contract. The net result of this innovation was to leave the COMEX contract relatively unaffected and still enjoying a high volume but to steadily erode the volume of CBT's own 5,000 ounce contract until it ceased trading in 1983.

CHAPTER V

Challenging the Contemporary Hypothesis

A. THE VALIDITY OF THE INSURANCE MODELS

Now the question poses itself. Are the facts illuminated in the last two sections of the previous chapter really the crux and solution to the question of why some contracts succeed and some fail? Once we have eliminated those contracts that have no viable function or those that are flawed or inappropriate vehicles we are left with innovative or duplicative contracts, that, supposedly fail because market participants prefer the liquidity of a less efficient existing contract or crosshedge. This tends to contradict the basic premise of market efficiency and if it were the case it would imply that market participants were none too subtly different from other consumers in terms of product innovation. In a "normal" market a new product innovation occurs because of some real or implicit need. The new product provides some real or intrinsic benefit over the existing product line and is presented as such to the consumer. Thus, upon visiting the drug store, under the pretence of buying toothpaste, we are

barraged with a veritable plethora of choices in every conceivable color, shape, fashion, and form. None of which can truly be vastly different from the next. Yet, pharmaceutical companies thrive on providing duplicative products and market share is measured on a fractional percentile basis. Admittedly the market for futures contracts may be very different and the drawing of the analogous situation quite incorrect, but, it was done to elucidate a basic point: consumer behavior is quite similar across markets. Is the behavior of the futures market participant somehow subtly different from that in other market environs, or, is the underlying function, the market structure, different from the typical goods and service markets synonymous and integral to contemporary microeconomic analysis. It is only recently that the true explanatory powers of the classic business cycle models of Keynes have been challenged. Lucas and Sargeant have proven, econometrically, that functions from Keynes' models would not produce the cyclical behavior readily apparent in the economys' business cycle.

So, after that brief digression, it may prove beneficial to reexamine the theories of participant behavior and market function as they pertain to futures markets. The predominant

perspective from the literature tends to view the function of futures contracts as providing a panacea for risk aversion. This view has led to the formulation of two primary theories those of normal backwardation and the portfolio theory of hedging. Both theories depict the primary function of the futures market as a risk transferral vehicle reallocating price risk from risk averse producers to those less averse individuals willing to bear it. This process is most often couched in terms of an insurance function. The producers, being possessed of a diminishing marginal utility for their respective commodities, prefer a certain amount of the commodity to a variable quantity with the same average. Hedging their implicit inventory positions with futures contracts yields a certain return based upon the balance of positions held.

Although this process is indicative of a desire for certainty, the very epitome of insurance, the actual mechanics of the two markets are very different. Insurance markets exist because although a great many individuals may face the possibility of incurring large losses an insurance company with many customers is able to cover losses incurred by only a few of them. This function is achieved by spreading each

individual's tiny risk across the participant pool. When the expected few suffer losses they may be readily compensated from the accrued premium. With commodity handlers, however, pooling their individual risk will not reduce it. They are all subject to the same price risk, but, should the risk manifest itself all market participants collectively lose. This situation is analogous to the earthquake situation where the entire applicant pool suffers a definitive loss and the insurance agent is unable to compensate them in their entirety. The agent is wiped out, the pool is uncompensated and we have a general market failure.

It can be seen from this example that a more accurate description of the futures contracting process might be the direct transferral of ownership risk to an individual more willing to bear it. This is not an insurance function but rather a reallocative procedure resulting in a more efficient distribution. It is also worth noting that in a true insurance market it behooves the agent to offer multiple contracts directly tailored to the individuals particular situation thereby achieving more efficient pooling and accurate premiums. It would seem intuitively obvious that the inception of multiple contracts directly tailored to classes of

individual interest might meet with a positive reception in the market. But, as we have already seen the number of successful contracts actively traded on each commodity are generally limited to one, rarely more. These facts raise the question as to whether this is really a complete explanation of the process involved or might a more succinct economic analysis be espoused.

B. THE EXPECTED MONEY VALUE HYPOTHESIS

The theories based upon risk aversion necessarily dictate a fundamental difference in degrees of risk aversion between hedgers and speculators (speculators being the recipients of the price risk transferral). I propose a slightly different tack to offer an insight into the success vs failure issue. In deciding to embark upon the production or handling of a commodity the producer is acting in a decision making capacity under uncertainty. Consequences of the decision take the form of ultimate outcomes and follow from the chosen course of action and the realization of a particular state. He arrives at the decision to choose a course of action, in this instance to produce the commodity, before the state is realized. Thus, in evaluating possible courses of action he assigns subjective

valuations, or payoffs, to the likely outcomes based upon his own unique utility function.

In the case of the producer these likely outcomes might be make a large profit, break even, or lose money. The producer assigns a value to each of these likely outcomes. Now based upon the risk involved in producing the commodity the producer can assign a subjective probability to each of the likely outcomes. In deciding to produce the producer has essentially entered into a lottery[20]. The producers' chosen course of action results not in a single outcome but in a range of possible outcomes weighted by their probability of occurrence - a lottery. The decision to pursue a course of action may be made based upon maximizing the expected money value of the action.

Production Decision Lottery:

$$PDL = [(0.2, -50), (0.6, 25), (0.2, 50)]$$

[20] McKenna C.J. [1986] The Economics of Uncertainty, (Oxford University Press, New York)

In the production decision outcome one specifies a possible loss of 50 with a probability of 20%, outcome two specifies breaking even (making a reasonable economic profit) with a probability of 60%, and a 20% chance of making a very attractive profit of 50. By summing the respective money values the producer sees an overall value of 15 yet the individual benefits of breaking even and making a profit are both greater. In the whole evaluation the positive results are counterbalanced by the expected loss. Based upon the individual producers money value preference he will either choose to embark upon the venture or to choose some other line of work. Let us assume he elects to produce the commodity.

To illustrate the relevance of this analysis to futures markets and hence to the success and failure of futures contracts let us interject an unexpected wrench into the works. For arguments sake assume the producer is a farmer and as such is at the mercy of the elements. During the course of the season he learns the weather is likely to be perfect for the growth of his commodity, so good in fact that there is going to be a glut of the product in the marketplace and the price will fall through the floor. Our producer, now with a significant capital investment locked into the production

process, stands to lose money. Effectively the subjective probabilities of the likely outcomes have changed and our farmer is no longer possessed of the same expected return that led him to embark upon the process of production. He is burdened by the expected loss unless he can find a way to counterbalance that loss in expected value. This balance may be achieved by entering the futures market and entering into a contract with an individual whose expectation of the price of corn is the opposite to that of the farmer. Now the farmers expected value has returned to its original level. The weighting of the two parties subjective valuations has led to an effective hedge on the part of the farmer. He now has a certain return regardless of the actual price of the commodity at the time of maturity. Being risk averse this certainty bestows greater utility than the lower average of expected returns without the hedge. Upon maturity, should the farmers' intuition prove accurate and the price of the commodity does indeed decline, the speculator, having assign the wrong probability to the outcome, pays the farmer the differential.

This process is hardly a revelation; it merely couches the hedging process in slightly different terms, but with good reason. When looking at the behavior of market participants

from the perspective of trading expected money values it becomes readily apparent that the need for a great many facilitating vehicles becomes unnecessary. Even futures contracts offering a direct hedge for a commodity may not offer sufficient marginal benefit to warrant inception if an efficient crosshedge exists. Providing the price of the underlying commodity moves closely to the item desirous to hedge the exchange of expected values does not warrant the innovation of additional contracts. The marginal costs of illiquidity directly influences the number of contracts traded. If each additional innovation were costless there would be an all encompassing set of them for each commodity traded. Conversely, even the benefit of the most effective hedging vehicle would be repudiated if the marginal cost of the contract were exorbitantly high.

It may be inferred from this analysis that the marginal benefit curve for additional futures contracts drops off rapidly after the first contract. There may, in fact, be little if any benefit to instituting additional duplicative contracts on the same underlying commodity as the exchange of expected monetary values can be accomplished perfectly well on the one basic contract. This one contract might not offer

perfect hedging characteristics or may actually be an efficient crosshedge as long as the price volatility of the base commodity is matched and the transfer of expected values accomplished. This would explain the tenacity with which market participants cling to existing inefficient contracts in the face of supposedly more attractive innovations; the transferral function may be perfectly well accomplished without the innovation and the participants have minimal incentive to switch.

An extension of this notion serves to explain the lack of need for multiple terms of delivery. If the commodity is possessed of a stable relationship between its present and future price it follows that the price for a defined quantity of the commodity deliverable in two years may be readily inferred from the price of the same quantity deliverable in one year. Thus, there is an implicit term structure inherent in the price relationship of commodities and time. This makes multiple delivery terms redundant as the one year contract may easily be used to reflect the two year contract.

Based upon this analysis it may be seen that there are now definite reasons for the lack of an all inclusive set of futures contracts. This connotes a much higher rate of failure

than we might otherwise have expected. This is an especially useful analysis particularly when addressing the apparent success of an older inefficient contract in comparison to a new innovation possessing purportedly beneficial characteristics that has failed to garner market interest.

CONCLUSIONS AND SUMMARY

The identification of a viable explanation for the relatively unpredictable success and failure of futures contracts has been hampered by the differing and often contradictory views espoused in the contemporary literature. Taken in isolation none of the present theories offers an all encompassing explanation. The commodity characteristics approach neglects to highlight the potential for contractual provisions to work around inherent deficiencies or complications in a particular commodity. Conversely the contract provisions hypothesis fails to take into account the efficient crosshedge caveat and the difficulties encountered when implementing a competitive innovation.

Each of the veins of thought lacks an element of completeness. This is true even of the application of the generalized insurance market scenario. This explanation offers some insight into the general function of the contractual vehicles and the mechanics of their market but relies too deeply on the risk transferral element to draw the analogy between futures contracts and the desire to eliminate variability in returns. The insurance analogy fails to

illustrate the lack of risk pooling across market participants and does not address the inapplicability of tailoring contracts for specific groups of market participants to further enhance market efficiency.

In attempting to determine the factors contributing to the success and failure of futures contracts it became apparent that there are readily identifiable patterns in market reception of a newly innovated futures contract. These patterns may be directly quantified as success, failure, and extenuating explanation.

The contracts falling into the category of extenuating explanation are typified by several years of trading success followed by an abrupt cessation of interest. The explanations for this behavior may be as diverse as they are complex running the gamut from a fundamental change in the need for the contract, either because of an underlying change in the nature, or condition, of the underlying commodity, or because the function served by the commodity has been usurped or transferred to another vehicle.

The elucidation of contract failure was continued with the examination and quantification of two comparatively identical crude oil contracts experiencing wildly differing

degrees of success. The reason for this difference was found to be directly related to the structure of the contract, specifically the terms mandated for point of delivery.

From this analysis of success and failure of newly innovated contracts the factors directly tailorable for success may be readily identified. The commodity should suffer the risk of price uncertainty but not be possessed of excessive basis risk. This factor will assure hedging interest which is of utmost importance in promoting a positive market reception. The attractiveness of a contract may be further enhanced by directly tailoring the terms of the contract to facilitate efficient market use. The terms directly tailorable include the deliverable grade of the commodity, the delivery location, the size of the contract in terms of the commodity, the number of contract months in which trading takes place, the units for price quotation, the maximum daily limits on price movements, trading hours, margin requirements, and the size of reporting positions and position limits for individual traders.

An exchange may adopt two approaches in attempting new product innovation: develop contracts on new commodities or develop contract modifications to compete with or usurp

existing contracts. Of the two approaches the development of a competing contracts takes considerably less time and money but the potential returns are inhibited by the difficulty in winning market share from the existing highly liquid contract.

Once the decision to implement a competing contract has been made there are several basic strategies and exchange may adopt in instituting the innovation. The exchange may choose to either modify one of its existing contracts or institute an innovation in direct competition with an existing contract traded on another exchange. In terms of direct competition the existing contract may be a low volume contract with inherent flaws or it may be a successful high volume instrument. In both cases the innovation is an attempt to capture open interest.

The expected value hypothesis combines the previous explanations into one integrated approach to futures market behavior. The hypothesis is premised upon decision making under uncertainty and the assignment of subjective probabilities to the likely outcomes of a production decision. Based upon these combined probabilities a expected monetary value can be derived for the production decision. This expected value provides the basis for the producers' decision

to enter into production of the commodity. If, during the course of production, an unexpected event occurs the relative probabilities will be directly effected resulting in a different overall expected value. This new expected value may prove lower than that originally required of the producer to enter into production. Being risk averse the producer enters the futures market and uses the futures contract to facilitate the alleviation of the new burden.

The futures contract effectively restores the producers initial expected value. If the price of the commodity declines below the threshold necessary to meet the producers' expected value the second party to the contract (a speculator) pays the producer the differential. Conversely if the price of the commodity increases (against the expectations of the producer) the producer pays the speculator the resultant difference. From this it may be seem that the producer is effectively guaranteed the original expected value.

From this analysis it is readily apparent that the need for an all inclusive set of futures contracts for each, or any, commodity is unnecessary. Even contracts offering a direct hedge for a commodity may not offer sufficient marginal benefit to warrant inception if an efficient crosshedge

exists. The producer is solely concerned with finding a vehicle to regain his previous expected value, whether this vehicle pertains directly to the commodity in production is of little importance as long as the commodity underlying the futures contract moves in concert with the price variation of the producers' product.

From this analysis it may be inferred that the marginal benefit curve for additional duplicative contracts drops off rapidly after the first contract. This one contract may not offer perfect hedging characteristics or may actually be an efficient crosshedge as long as the price volatility of the base commodity is matched and the transfer of expected values matched. This explains the tenacity with which market participants cling to existing inefficient contracts in the face of supposedly more attractive innovations; the transferral function may be perfectly well accomplished without the innovation and the participants have minimal incentive to switch.

This hypothesis leads to definite reasons for the lack of an all inclusive set of futures contracts and the supposedly inexplicable failure of advantageous contracts. This connotes a much higher rate of failure than was

previously expected. The implications for exchanges implementing new innovations is one of increased effort in research and development not to mention cost.

Although intuitively attractive the proof of this hypothesis will ultimately lie in the testing. The empirical estimation and testing of such a model would provide an ideal extension of this thesis. The modelling and estimation of the hypothesis in the real "market" environment may prove exceptionally complex. It would, therefore, prove beneficial to conduct a preliminary investigation in a more controlled environment. To facilitate such a test I would adopt methods adapted from the work of Charles Plott in simulating market participant behavior. The empirical models developed from the simulation may serve to further illustrate the complex functioning of the futures markets and provide insight into the development of a workable empirical model to implement the real world testing of the theoretic approach.

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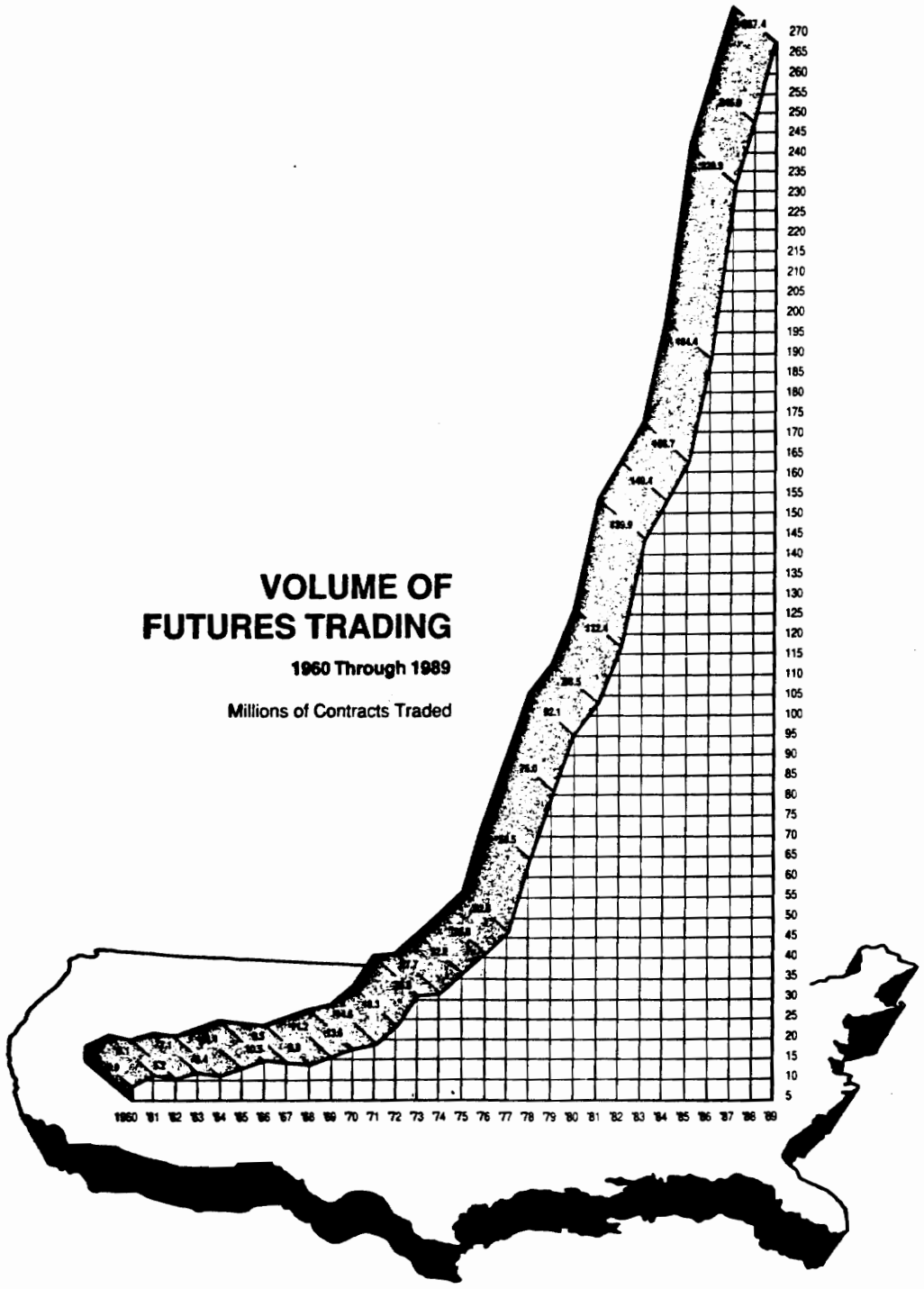
Appendix

Futures Contracts Traded 1960 - 1989



FUTURES INDUSTRY ASSOCIATION, INC.
1825 Eye Street, N.W., Suite 1040, Washington, D.C. 20006

FUTURES CONTRACTS TRADED BY COMMODITY GROUP

RANK	COMMODITY GROUP	CONTRACTS	PERCENTAGE
1989			
(1)	Interest Rate	123,657,483	46.25%
(2)	Ag Commodities	54,051,698	20.21%
(6)	Equity Indice	13,290,808	4.97%
(3)	Energy Products	30,775,659	11.51%
(4)	Foreign Currency/Index	26,965,702	10.08%
(5)	Precious Metals	16,147,189	6.04%
(7)	NonPrecious Metals	2,097,288	0.78%
(8)	Other	398,451	0.15%
	TOTAL	267,384,278	100.00%
1988			
(1)	Interest Rate	102,618,415	41.74%
(2)	Ag Commodities	60,473,648	24.60%
(6)	Equity Indice	14,348,076	5.84%
(3)	Energy Products	27,109,767	11.03%
(4)	Foreign Currency/Index	22,162,799	9.01%
(5)	Precious Metals	16,465,152	6.70%
(7)	NonPrecious Metals	2,115,993	0.86%
(8)	Other	577,440	0.23%
	TOTAL	245,871,290	100.00%
1987			
(1)	Interest Rate	97,506,007	42.60%
(2)	Ag Commodities	43,366,454	18.95%
(3)	Equity Indice	25,142,036	10.98%
(4)	Energy Products	20,952,358	9.15%
(5)	Foreign Currency/Index	20,940,817	9.15%
(6)	Precious Metals	17,817,380	7.78%
(7)	NonPrecious Metals	2,577,709	1.13%
(8)	Other	573,923	0.25%
	TOTAL	228,876,684	100.00%
1986			
(1)	Interest Rate	71,109,163	38.57%
(2)	Ag Commodities	38,276,714	20.76%
(3)	Equity Indice	25,389,339	13.77%
(4)	Foreign Currency/Index	19,518,655	10.59%
(5)	Precious Metals	14,692,890	7.97%
(6)	Energy Products	12,869,624	6.98%
(7)	NonPrecious Metals	1,927,481	1.05%
(8)	Other	570,630	0.31%
	TOTAL	184,354,496	100.00%
1985			
(1)	Interest Rate	55,459,785	34.95%
(2)	Ag Commodities	39,331,754	24.78%
(3)	Equity Indice	21,908,476	13.81%
(4)	Foreign Currency/Index	17,165,736	10.82%
(5)	Precious Metals	14,720,190	9.28%
(6)	Energy Products	7,002,107	4.41%
(7)	NonPrecious Metals	2,525,658	1.59%
(8)	Other	582,872	0.37%
	TOTAL	158,696,578	100.00%

FUTURES VOLUME HIGHLIGHTS

1989 IN COMPARISON WITH 1988

		1989		1988		
RANK	EXCHANGE	CONTRACTS	%	CONTRACTS	%	RANK
1.	Chicago Board of Trade	112,095,413	41.92%	116,758,862	47.49%	(1)
2.	Chicago Mercantile Exchange	87,122,225	32.58%	65,662,682	26.71%	(2)
3.	New York Mercantile Exchange	32,174,280	12.03%	28,710,105	11.68%	(3)
4.	Commodity Exchange	16,462,476	6.16%	16,277,050	6.62%	(4)
5.	Coffee Sugar & Cocoa Exchange	9,017,314	3.37%	8,322,606	3.38%	(5)
6.	MidAmerica Commodity Exchange	3,703,899	1.39%	3,370,732	1.37%	(6)
7.	New York Cotton Exchange	3,311,597	1.24%	2,988,379	1.22%	(7)
8.	New York Futures Exchange	1,738,651	0.65%	1,874,715	0.76%	(8)
9.	Kansas City Board of Trade	1,294,995	0.48%	1,432,754	0.58%	(9)
10.	Minneapolis Grain Exchange	413,227	0.15%	425,778	0.17%	(10)
11.	Chicago Rice & Cotton Exchange	50,201	0.02%	47,627	0.02%	(11)
	TOTAL	267,384,278	100.00%	245,871,290	100.00%	

COMMODITY FUTURES CONTRACTS TRADED 1985 - 1989

	CONTRACT UNIT	1989	1988	1987	1986	1985
Wheat	5,000 bu	3,237,709	3,377,738	1,929,306	2,090,316	2,127,962
Corn	5,000 bu	9,270,784	11,105,516	7,253,212	6,160,298	6,392,812
Oats	5,000 bu	349,836	354,578	291,108	140,952	99,024
Soybeans	5,000 bu	9,634,802	12,497,096	7,378,760	6,133,668	7,392,128
Soybean Oil	60,000 lb	4,300,797	4,896,194	3,912,417	3,182,963	3,647,408
Soybean Meal	100 tons	4,486,865	5,313,081	3,797,970	3,049,005	3,339,268
Silver	5,000 oz	2,397	4,165	12,092		
Silver	1,000 oz	254,713	481,566	509,965	511,239	1,034,830
Gold	100 oz	73,362	84,965	24,893		
Gold	Kilo	27,994	103,335	159,627	124,546	168,527
GNMA Mrtges, CDR	$100,000			7,583	24,078	84,396
Cash Settle GNMA	$100,000				7,351	
T-Bonds	$100,000	70,303,195	70,307,872	66,841,474	52,598,811	40,448,357
T-Notes (6 1/2-10 yr)	$100,000	6,109,518	5,200,949	5,253,791	4,426,476	2,860,432
T-Notes (5-year)	$100,000	1,781,880	506,595			
30-Day Interest Rate	$5,000,000	68,223	19,476			
Corporate Bond Index	$1,000 x Index		49	10,591		
Mortgage Backed	$100,000	24,815				
CBOE 250 Index	$500xCBOE 250	13,945	55,840			
Institutional Index	$500 x Index			175		
Municipal Bond Index	$1,000 x Index	1,068,028	1,274,316	1,613,107	906,980	334,691
Major Market Index	$100 x Index				36,292	2,062,083
MMI Maxi	$250 x Index	1,086,550	1,175,531	2,630,887	1,738,916	422,091
NASDAQ-100	$250 x Index				3,743	139,888
CHICAGO BOARD OF TRADE		**112,095,413**	**116,758,862**	**101,626,958**	**81,135,634**	**70,553,897**
Live Hogs	30,000#	1,891,905	2,008,750	2,040,478	1,936,864	1,719,861
Pork bellies, Fzn.	38,000 lb	1,310,976	1,186,599	1,097,010	1,100,339	1,457,386
Live Cattle	40,000#	4,265,710	5,477,205	5,229,294	4,690,538	4,437,327
Feeder Cattle	44,000 lb	465,274	702,438	645,877	411,441	455,881
Lumber	150,000 bd.ft.	273,903	371,489	437,089	502,530	581,548
Gold	100 oz		137	261,639		7
T-Bills (90-day)	$1,000,000	1,502,384	1,373,553	1,927,006	1,815,162	2,413,338
Domestic CD (90-day)	$1,000,000			98	3,062	84,106
Eurodollar (3-month)	$1,000,000	40,818,269	21,705,223	20,416,216	10,824,914	8,900,528
Dollar/Pound Diff	$1,000,000	9,618				
Dollar/Mark Diff	$1,000,000	12,598				
Dollar/Yen Diff	$1,000,000	9,390				
European Currency Unit	125,000			300	43,826	
British Pound	62,500	2,518,232	2,616,068	2,592,177	2,701,330	2,799,024
Canadian Dollar	100,000	1,263,664	1,408,783	914,563	734,071	468,996
Deutschemark	125,000	8,186,221	5,662,109	6,037,048	6,582,145	6,449,384
Japanese Yen	12,500,000	7,823,739	6,433,132	5,358,556	3,969,777	2,415,094
Mexican Peso	1,000,000					12,737
Swiss Franc	125,000	6,093,885	5,283,406	5,268,276	4,998,430	4,758,159
Australian Dollar	100,000	113,972	75,960	53,335		
French Franc	250,000	2,030	3,932	10,437	2,685	9,335
S&P 500 Index	$500 x Index	10,560,455	11,353,898	19,044,673	19,505,273	15,055,955
S&P 100 Index	$200 x Index				3,514	1,662
S&P OTC 250	$500 x Index				5,270	94,919
CHICAGO MERCANTILE EX.		**87,122,225**	**65,662,682**	**71,334,072**	**59,831,171**	**52,115,247**

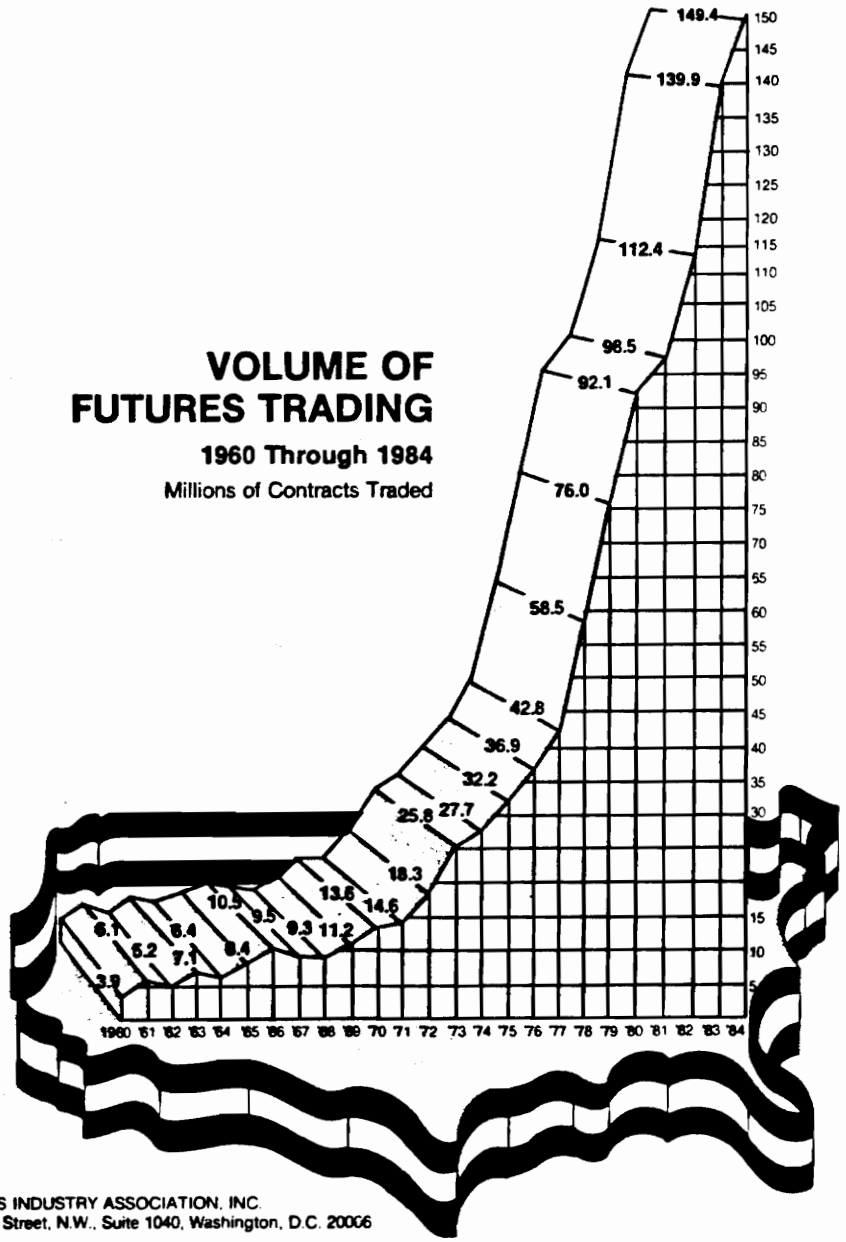
	CONTRACT UNIT	1989	1988	1987	1986	1985
Rice, Rough Old	200,000 lb					9
Rice, Rough New	200,000 lb	50,201	47,627	31,114	3,095	
Cotton Short Staple	50,000 lb				3	1,751
CHIC. RICE & COTTON EX.		50,201	47,627	31,114	3,098	1,760
Coffee "C"	37,500 lb	1,328,953	1,149,710	964,586	1,073,142	650,768
Sugar #11	112,000 lb	6,243,361	5,819,121	3,853,499	3,583,814	3,012,929
Sugar #12	112,000 lb				19,058	99,851
Sugar #14	112,000 lb	102,654	84,999	69,928	72,526	17,433
White Sugar	50 M tons		726	903		
Cocoa	10 M tons	1,341,850	1,268,050	895,465	777,765	800,573
Int'l Market Index	$250 x Index	496				
CPI-W	$1,000 x Index			2	8,776	1,324
COFFEE SUGAR & COCOA		9,017,314	8,322,606	5,784,383	5,535,081	4,582,878
Copper	25,000 lb	1,929,095	2,112,459	2,569,178	1,872,209	2,444,552
High Grade Copper	25,000 lb	167,452	924			
Silver	5,000 oz	4,376,611	4,664,655	5,055,652	3,849,687	4,821,206
Gold	100 oz	9,988,577	9,496,402	10,239,805	8,400,175	7,773,834
Aluminum	40,000 lb	741	2,610	8,500	52,627	77,063
Moody's Index	$500 x MCBI			11,482		
COMMODITY EXCHANGE		16,462,476	16,277,050	17,884,617	14,174,698	15,116,655
Wheat (5,000 bu)	5,000 bu	1,236,084	1,338,711	971,095	744,023	735,447
Grain Sorghum	5,000 bu	9,253				
Value Line Index	$500 x Index	41,268	79,872	505,551	953,985	1,204,659
Mini Value Line	$100 x Index	8,390	14,171	28,457	18,678	19,032
KANSAS CITY BD. OF TRD.		1,294,995	1,432,754	1,505,103	1,716,686	1,959,138
Wheat	1,000 bu	347,127	294,236	189,610	344,749	347,355
Corn	1,000 bu	389,592	429,219	311,722	406,694	456,661
Oats	1,000 bu	13,317	12,917	6,958	2,169	1,746
Soybeans	1,000 bu	1,341,983	863,934	417,620	680,156	843,231
Soybean Meal Old	20 tons			17	3,231	10,981
Soybean Meal New	20 tons	6,209	8,558	3,191	2,256	
Live Cattle	20,000#	26,750	48,349	44,112	58,752	64,510
Live Hogs	15,000#	33,255	34,230	44,364	80,818	74,388
Silver	1,000 oz				649	4,510
New York Silver	1,000 oz	13,562	12,063	9,578	9,342	57,886
Gold	33.2 oz				0	76
New York Gold	33.2 oz	9,698	14,652	17,957	21,111	31,467
Platinum	25 oz	1,654	2,874	4,342	5,944	1,368
Copper	12,500 lbs			2	892	4,043
Copper New	55,000 lbs			29	1,753	
T-Bonds	$50,000	1,307,416	1,414,390	1,015,454	467,639	297,033
T-Bills	$500,000	8,541	22,203	25,592	34,690	36,904
T-Notes	$100,000	177	4,159			
British Pound	12,500	24,054	28,240	10,979	17,270	21,239
Swiss Franc	62,500	60,949	77,176	97,571	102,019	110,047
Deutschemark	62,500	53,954	49,993	85,009	74,662	85,439
Japanese Yen	6,250,000	59,133	44,257	58,836	47,601	32,912
Canadian Dollar	$50,000	6,528	9,282	7,749	6,150	3,370
MIDAMERICA COMMODITY EX.		3,703,899	3,370,732	2,350,692	2,368,547	2,485,166

	CONTRACT UNIT	1989	1988	1987	1986	1985
Wheat	5,000 bu	413,073	423,542	310,599	283,900	297,509
White Wheat	5,000 bu	4	380	1,415	686	3,402
High Fructose Corn Syrup	48,000 lb		49	5,963		
Oats	5,000 bu	150	1,807			
MINNEAPOLIS GRAIN EX.		413,227	425,778	317,977	284,586	300,911
Cotton #2	50,000 lb	1,649,120	1,370,249	1,395,980	1,015,392	636,492
Orange Jce, Fzn. Conc.	15,000 lb	304,104	358,039	266,641	211,543	190,758
Propane	100,000 gal			5,799	11,966	13,724
European Currency Unit	$100,000	16,042	23,936	42,198	72,195	
Five Year Treasury Note	$100,000	465,609	789,630	383,613		
Two Year Treasury Note	$200,000	133,423				
U.S. Dollar Index	$500 x Index	743,299	446,525	403,783	166,494	74,573
NEW YORK COTTON EX.		3,311,597	2,988,379	2,498,014	1,477,590	915,547
NYSE Composite Index	$500 x Index	1,579,704	1,668,732	2,915,915	3,123,668	2,833,614
Russell 2000	$500 x Index		32	5,644		
Russell 3000	$500 x Index			10,734		
T-Bond (30 Year)	$100,000	34,399				
Cmdty Rsrch Bureau Index	$500 x Index	124,548	205,951	136,832	59,324	
NEW YORK FUTURES EX.		1,738,651	1,874,715	3,069,125	3,182,992	2,833,614
Palladium	100 oz	208,092	139,883	160,284	145,562	133,223
Platinum	50 oz	1,190,529	1,460,455	1,361,546	1,624,635	693,256
Potatoes(Cash Settlement)	100,000 lb			6,240	16,558	16,903
No. 2 Heating Oil, NY	1,000 bbl	5,740,967	4,935,015	4,293,395	3,275,044	2,207,733
Leaded Reg. Gasoline, NY	1,000 bbl				829,733	667,172
Unleaded Gasoline, NY	1,000 bbl	4,484,558	3,292,055	2,056,238	439,352	132,611
Residual Fuel Oil	1,000 bbl	605				
Propane	42,000 gal	14,664	23,749	15,312		
Crude Oil	1,000 bbl	20,534,865	18,858,948	14,581,614	8,313,529	3,980,867
NEW YORK MERCANTILE EX.		32,174,280	28,710,105	22,474,629	14,644,413	7,831,765
TOTAL FUTURES		267,384,278	245,871,290	228,876,684	184,354,496	158,696,578
PERCENT CHANGE		8.75%	7.43%	24.15%	16.17%	6.28%

FUTURES VOLUME HIGHLIGHTS

1989 in Comparison with 1988

Rank	Contracts With Volume Over 100,000	1989 Contracts	%	1988 Contracts	%	RANK
1.	T-Bonds, CBOT	70,303,195	26.29%	70,307,872	28.60%	(1)
2.	Eurodollar, CME	40,818,269	15.27%	21,705,223	8.83%	(2)
3.	Crude Oil, NYMEX	20,534,865	7.68%	18,858,948	7.67%	(3)
4.	S&P 500 Index, CME	10,560,455	3.95%	11,353,898	4.62%	(5)
5.	Gold (100 oz.), COMEX	9,988,577	3.74%	9,496,402	3.86%	(7)
6.	Soybeans, CBOT	9,634,802	3.60%	12,497,096	5.08%	(4)
7.	Corn, CBOT	9,270,784	3.47%	11,105,516	4.52%	(6)
8.	Deutschemark, CME	8,186,221	3.06%	5,662,109	2.30%	(10)
9.	Japanese Yen, CME	7,823,739	2.93%	6,433,132	2.62%	(8)
10.	Sugar #11, CSC	6,243,361	2.33%	5,819,121	2.37%	(9)
11.	T-Notes (6 1/2-10 Year), CBOT	6,109,518	2.28%	5,200,949	2.12%	(14)
12.	Swiss Franc, CME	6,093,885	2.28%	5,283,406	2.15%	(13)
13.	No. 2 Heating Oil, NY, NYMEX	5,740,967	2.15%	4,935,015	2.01%	(15)
14.	Soybean Meal, CBOT	4,486,865	1.68%	5,313,081	2.16%	(12)
15.	Unleaded Regular Gas, NYMEX	4,484,558	1.68%	3,292,055	1.34%	(19)
16.	Silver (5,000 oz.), COMEX	4,376,611	1.64%	4,664,655	1.90%	(17)
17.	Soybean Oil, CBOT	4,300,797	1.61%	4,896,194	1.99%	(16)
18.	Live Cattle, CME	4,265,710	1.60%	5,477,205	2.23%	(11)
19.	Wheat, CBOT	3,237,709	1.21%	3,377,738	1.37%	(18)
20.	British Pound, CME	2,518,232	0.94%	2,616,068	1.06%	(20)
21.	Copper, COMEX	1,929,095	0.72%	2,112,459	0.86%	(21)
22.	Live Hogs, CME	1,891,905	0.71%	2,008,750	0.82%	(22)
23.	T-Notes (5 Year), CBOT	1,781,880	0.67%	506,595	0.21%	(38)
24.	Cotton #2, NYCE	1,649,120	0.62%	1,370,249	0.56%	(28)
25.	NYSE Composite Index, NYFE	1,579,704	0.59%	1,668,732	0.68%	(23)
26.	T-Bills (90-Day), CME	1,502,384	0.56%	1,373,553	0.56%	(27)
27.	Soybeans, MIDAM	1,341,983	0.50%	863,934	0.35%	(35)
28.	Cocoa (10 M Tons), CSC	1,341,850	0.50%	1,268,050	0.52%	(31)
29.	Coffee "C", CSC	1,328,953	0.50%	1,149,710	0.47%	(34)
30.	Pork Bellies, CME	1,310,976	0.49%	1,186,599	0.48%	(32)
31.	T-Bonds, MIDAM	1,307,416	0.49%	1,414,390	0.58%	(25)
32.	Canadian Dollar, CME	1,263,664	0.47%	1,408,783	0.57%	(26)
33.	Wheat, KCBOT	1,236,084	0.46%	1,338,711	0.54%	(29)
34.	Platinum, NYMEX	1,190,529	0.45%	1,460,455	0.59%	(24)
35.	MMI Maxi, CBOT	1,086,550	0.41%	1,175,531	0.48%	(33)
36.	Municipal Bond Index, CBOT	1,068,028	0.40%	1,274,316	0.52%	(30)
37.	US Dollar Index, NYCE	743,299	0.28%	446,525	0.18%	(40)
38.	T-Notes (5 Year), NYCE	465,609	0.17%	789,630	0.32%	(36)
39.	Feeder Cattle, CME	465,274	0.17%	702,438	0.29%	(37)
40.	Wheat, MGE	413,073	0.15%	423,542	0.17%	(42)
41.	Corn, MIDAM	389,592	0.15%	429,219	0.17%	(41)
42.	Oats, CBOT	349,836	0.13%	354,578	0.14%	(45)
43.	Wheat, MIDAM	347,127	0.13%	294,236	0.12%	(46)
44.	Orange Juice, (Frozen Conc.), NYCE	304,104	0.11%	358,039	0.15%	(44)
45.	Lumber, CME	273,903	0.10%	371,489	0.15%	(43)
46.	Silver (1,000 oz.), CBOT	254,713	0.10%	481,566	0.20%	(39)
47.	Palladium, NYMEX	208,092	0.08%	139,883	0.06%	(48)
48.	High Grade Copper, COMEX	167,452	0.06%			
49.	T-Notes (2 Year), NYCE	133,423	0.05%			
50.	Cmdty Rsrch Bureau Index, NYFE	124,548	0.05%	205,951	0.08%	(47)
51.	Australian Dollar, CME	113,972	0.04%			
52.	Sugar #14, CSC	102,654	0.04%			
	Contract with Volume Over 100,000 in 1988 1/			103,335	0.04%	
	Contracts with Volume Under 100,000 Contracts	738,366	0.28%	894,359	0.36%	



FUTURES INDUSTRY ASSOCIATION, INC.
1825 Eye Street, N.W., Suite 1040, Washington, D.C. 20006

FUTURES CONTRACTS TRADED BY COMMODITY GROUP

Rank	COMMODITY GROUP	Contracts		%
1984				
(1)	Agricultural Commodities	48,860,126		32.71
	Soybean Complex	20,496,334	13.72	
	Grain	14,555,467	9.75	
	Livestock, Products, and Poultry	8,141,319	5.45	
	Imported Agricultural Commodities	4,185,906	2.80	
	Other Agricultural Commodities 1/	1,481,100	.99	
(2)	Financial Instruments	41,221,424		27.60
(3)	Precious Metals	18,880,269		12.64
(4)	Stock Indexes	18,442,464		12.35
(5)	Foreign Currency	14,000,857		9.37
(6)	Non-Precious Metals	2,589,518		1.73
(7)	Petroleum Products	4,619,533		3.09
(8)	Lumber Products	758,034		.51
	TOTAL	149,372,225		100.00
1983				
(1)	Agricultural Commodities	57,829,242		41.33
	Soybean Complex	22,582,826	16.14	
	Grains	18,482,118	13.21	
	Livestock, Products, and Poultry	10,175,766	7.27	
	Imported Agricultural Commodities	4,879,375	3.49	
	Other Agricultural Commodities 1/	1,709,157	1.22	
(2)	Financial Instruments	28,123,161		20.10
(3)	Precious Metals	22,552,427		16.12
(4)	Stock Indexes	12,752,937		9.11
(5)	Foreign Currency	11,910,581		8.51
(6)	Non-Precious Metals	3,198,810		2.29
(7)	Petroleum Products	2,776,355		1.98
(8)	Lumber Products	781,427		.56
	TOTAL	139,924,940		100.00
1982				
(1)	Agricultural Commodities	46,310,209		41.21
	Soybean Complex	15,528,665	13.82	
	Grain	14,263,908	12.69	
	Livestock, Products, and Poultry	11,702,487	10.41	
	Imported Agricultural Commodities	3,276,512	2.92	
	Other Agricultural Commodities 1/	1,538,637	1.37	
(2)	Financial Instruments	28,825,112		25.64
(3)	Precious Metals	18,809,458		16.73
(4)	Foreign Currency	8,690,285		7.73
(5)	Stock Indexes	4,911,121		4.37
(6)	Non-Precious Metals	2,362,625		2.10
(7)	Petroleum Products	1,875,414		1.67
(8)	Lumber Products	616,655		.55
	TOTAL	112,400,879		100.00

1/ Cotton, Eggs, Orange Juice, Potatoes and Sunflower Seeds

FUTURES VOLUME HIGHLIGHTS

1984 in Comparison with 1983

Rank	EXCHANGE	1984 Contracts	1984 %	1983 Contracts	1983 %	Rank
1.	Chicago Board of Trade	67,667,952	45.30	62,811,523	44.89	(1)
2.	Chicago Mercantile Exchange	43,449,682	29.08	37,830,044	27.04	(2)
3.	Commodity Exchange, Inc.	18,447,038	12.35	20,014,597	14.30	(3)
4.	New York Mercantile Exchange	5,344,995	3.58	3,926,589	2.81	(5)
5.	Coffee, Sugar & Cocoa Exchange	4,185,882	2.80	4,876,069	3.48	(4)
6.	New York Futures Exchange	3,456,798	2.31	3,510,285	2.51	(6)
7.	MidAmerica Commodity Exchange	3,101,855	2.08	3,166,537	2.26	(7)
8.	Kansas City Board of Trade	1,897,803	1.27	1,693,042	1.21	(9)
9.	New York Cotton Exchange	1,476,510	.99	1,703,105	1.22	(8)
10.	Minneapolis Grain Exchange	340,732	.23	379,607	.27	(10)
11.	Chicago Rice & Cotton Exchange	2,978	.01	13,542	.01	(11)
		149,327,225	100.00	139,924,940	100.00	

+ 6.32%

COMMODITY FUTURES CONTRACTS TRADED 1980 - 1984

	CONTRACT UNIT	1984	1983	1982	1981	1980
Wheat	5,000 bu	2,974,886	3,886,914	4,031,584	4,511,934	5,428,160
Corn	5,000 bu	9,108,526	11,924,576	7,948,257	10,674,986	11,946,975
Oats	5,000 bu	155,110	359,825	424,595	370,103	320,934
Soybeans	5,000 bu	11,362,691	13,680,324	9,165,520	10,489,932	11,768,197
Soybean Oil	60,000 lb	4,009,548	3,858,558	3,049,313	3,047,490	3,167,895
Soybean Meal	100 tons	3,822,179	3,872,453	2,784,423	3,039,633	3,218,690
Iced Broilers	30,000 lb	-	-	-	-	4,079
Silver	5,000 oz	-	21,470	77,682	214,236	341,033
Silver	1,000 oz	1,887,257	2,643,166	775,136	184,776	-
Gold	3 Kg	-	-	-	-	78
Gold	100 oz	-	4,133	19,515	14,749	71,401
Gold	Kilo	302,717	302,745	-	-	-
Plywood	76,032 sq.ft.	4,466	50,424	100,001	175,189	169,550
GNMA Mrtges, CD	$100,000	-	-	-	175	12,619
GNMA Mrtges, CDR	$100,000	862,450	1,692,017	2,055,648	2,292,882	2,325,892
GNMA II	$100,000	37,615	-	-	-	-
Com. Paper (90-day)	$1,000,000	-	-	-	49	15,996
Com. Paper (30-day)	$3,000,000	-	-	-	-	67
T-Notes (4-6 year)	$100,000	-	-	-	2,721	450
T-Notes (6 1/2-10 year)	$100,000	1,661,862	814,505	881,325	-	-
T-Bonds	$100,000	29,963,280	19,550,535	16,739,695	13,907,988	6,489,555
Domestic CD (90-day)	$1,000,000	-	-	145,360	158,920	-
T-Notes (2 year)	$100,000	-	562	-	-	-
Unleaded Reg. Gasoline	1,000 bbl	-	51,573	8,736	-	-
Crude Oil	1,000 bbl	628	94,591	-	-	-
Heating Oil	1,000 bbl	-	3,152	-	-	-
Major Market Index	$100 x Index	1,514,737	-	-	-	-
CHICAGO BOARD OF TRADE		67,667,952	62,811,523	48,206,790	49,085,763	45,281,571
Fresh Eggs	22,500 dz	-	-	18	13	2,798
Potatoes	80,000 lb	-	-	9	973	2,481
Live Hogs	30,000 lb	2,169,030	2,790,746	3,560,974	2,258,083	2,153,767
Pork Bellies, Fzn.	38,000 lb	1,908,045	2,403,277	2,811,674	1,997,697	2,250,945
Live Cattle	40,000 lb	3,553,270	4,248,152	4,440,992	4,282,293	5,997,047
Feeder Cattle	42,000 lb	316,985	537,173	603,769	620,885	874,313
Broilers	30,000 lb	-	-	2,118	20,048	45,237
Lumber	130,000 bd.ft.	753,568	731,003	516,619	635,934	838,676
Stud Lumber	100,000 bd.ft.	-	-	-	156	2,198
Plywood	152,064 sq.ft.	-	-	35	386	-
British Pound	25,000	1,444,492	1,614,993	1,321,701	1,491,102	1,263,750
Canadian Dollar	100,000	345,875	558,741	1,078,467	475,585	601,925
Deutsche Mark	125,000	5,508,308	2,423,508	1,792,901	1,654,891	922,608
Japanese Yen	12,500,000	2,334,764	3,442,262	1,762,246	960,598	575,073
Mexican Peso	1,000,000	15,364	40,308	65,036	18,905	19,301
Swiss Franc	125,000	4,129,881	3,766,130	2,653,332	1,518,767	827,884
Dutch Guilder	125,000	-	162	128	4	4
U.S. Silver Coins	$5,000	-	-	1	6	10
French Franc	250,000	8,388	26,348	16,474	2,080	144
Gold	100 oz	8,841	994,132	1,533,466	2,518,435	2,543,419
Leaded Regular Gas	1000 barrels	4,045	-	-	-	-
No. 2 Fuel Oil	1000 barrels	4,601	-	-	-	-
T-Bills (90-day)	$1,000,000	3,292,817	3,789,864	6,598,848	5,631,290	3,338,773
T-Bills (1-year)	$250,000	-	-	-	-	604
T-Notes (4-6 year)	$250,000	-	-	-	-	338
Domestic CD (90-day)	$1,000,000	928,662	1,079,580	1,556,327	423,718	-
Eurodollar	$1,000,000	4,192,952	891,066	323,619	15,171	-
S&P 500 Index	$500 x Index	12,363,592	8,101,697	2,935,532	-	-
S&P 100 Index	$200 x Index	166,202	390,902	-	-	-
CHICAGO MERC. EX.		43,449,682	37,830,044	33,574,286	24,527,020	22,261,295

	CONTRACT UNIT	1984	1983	1982	1981	1980
Wheat	5,000 bu	956,668	942,971	964,815	1,181,884	1,297,757
Grain Sorghum	5,000 bu	-	-	-	-	290
Value Line Index	$500 x Index	910,956	724,979	528,743	-	-
Mini Value Line	$100 x Index	30,179	25,092	-	-	-
KANSAS CITY BD. OF TR.		1,897,803	1,693,042	1,493,558	1,181,884	1,298,047
Wheat	5,000 bu	338,487	379,603	346,226	357,779	333,610
Sunflower Seeds	100,000 lb	-	4	38	14,845	27,368
White Wheat	5,000 bu	2,245	-	-	-	-
MINNEAPOLIS GRAIN EX.		340,732	379,607	346,264	372,624	360,978
Wheat	1,000 bu	404,508	334,413	243,640	279,082	550,950
Corn	1,000 bu	604,992	629,678	274,324	513,953	440,615
Oats	5,000 bu	7,067	11,797	12,981	4,176	2,364
Soybeans	1,000 bu	1,301,916	1,171,294	527,411	849,169	1,052,707
Silver	1,000 oz	19,497	96,611	125,409	143,051	209,494
New York Silver	1,000 oz	12,611	30,833	3,810	-	-
Gold	33.2 oz	41,690	349,044	383,499	469,460	447,494
New York Gold	33.2 oz	19,285	-	-	-	-
Platinum	25 oz	213	-	-	-	-
Copper	12,500 lbs	492	-	-	-	-
Live Cattle	20,000 lb	81,112	88,349	107,329	119,566	186,831
Live Hogs	15,000 lb	112,877	108,069	175,624	100,139	103,181
T-Bonds	$50,000	251,300	267,259	419,277	109,944	-
T-Bills	$500,000	30,486	37,755	100,417	-	-
Refined Sugar	40,000 lb	24	3,306	24,000	-	-
British Pound	12,500	8,901	884	-	-	-
Swiss Franc	62,500	99,385	19,632	-	-	-
Deutschemark	62,500	67,507	6,607	-	-	-
Japanese Yen	6,250,000	34,677	10,835	-	-	-
Canadian Dollar	$50,000	3,315	171	-	-	-
MIDAMERICA COM. EX.		3,101,855	3,166,537	2,397,721	2,588,540	2,993,636
Coffee "C"	37,500 lb	499,133	427,441	556,435	515,302	906,944
Sugar #11	112,000 lb	2,449,549	3,201,968	2,037,020	2,470,327	3,576,662
Sugar #12	112,000 lb	109,448	84,120	51,093	14,333	13,839
Cocoa	30,000 lb	-	-	-	-	187,309
Cocoa	10 M tons	1,127,752	1,162,540	607,964	562,651	201,662
COFFEE SUGAR & COCOA		4,185,882	4,876,069	3,252,512	3,562,613	4,886,416
Copper	25,000 lb	2,506,365	3,186,914	2,362,625	1,647,380	1,848,080
Zinc	60,000 lb	-	-	-	3	28
Silver	5,000 oz	6,742,508	6,432,982	2,868,639	1,240,720	1,058,734
Gold	100 oz	9,115,504	10,382,805	12,289,448	10,373,706	8,001,410
Aluminum	40,000 lb	82,661	11,896	-	-	-
T-Bills (90-day)	$1,000,000	-	-	-	1,052	76,081
T-Notes (2-year)	$100,000	-	-	-	30,188	17,653
GNMA Mrtges, CD	$100,000	-	-	-	-	7,403
COMMODITY EXCHANGE		18,447,038	20,014,597	17,520,712	13,293,049	11,009,389
Cotton #2	50,000 lb	1,137,141	1,550,117	1,255,792	1,415,213	2,490,405
Orange Jce,Fzn Con	15,000 lb	317,364	124,267	207,070	387,182	162,864
Propane	100,000 gal	22,005	28,721	16,919	496	25
NY COTTON, CIT. & PET.		1,476,510	1,703,105	1,479,781	1,802,891	2,653,294

	CONTRACT UNIT	1984	1983	1982	1981	1980
T-Bills (90-day)	$1,000,000	-	-	-	9,766	32,452
T-Bonds	$100,000	-	18	4,464	162,942	139,410
Domestic CD (90-day)	$1,000,000	-	-	132	117,807	-
British Pound	25,000	-	-	-	37	7,352
Canadian Dollar	100,000	-	-	-	4	692
Deutsche Mark	125,000	-	-	-	3	258
Japanese Yen	12,500,000	-	-	-	13	199
Swiss Franc	125,000	-	-	-	13	3,630
NYSE Composite Index	$500 x Index	3,456,798	3,506,439	1,432,913	-	-
NYSE Financial Index	$1,000 x Index	-	3,828	13,933	-	-
NY FUTURES EXCHANGE		3,456,798	3,510,285	1,451,442	290,585	183,993
Palladium	100 oz	159,019	241,224	63,829	40,822	62,217
Platinum	50 oz	571,127	1,053,282	669,024	490,493	429,708
U. S. Silver Coins	$10,000	-	-	-	41	6,808
Gold	1 Kg	-	-	-	-	10
Imported Lean Beef	36,000 lb	-	-	7	7,976	24,119
Potatoes	50,000 lb	-	17,115	67,322	237,411	393,759
Potatoes*	100,000 lb	26,595	16,650	-	-	-
No.2 Heating Oil,NY	1,000 bbl	2,091,546	1,868,322	1,745,526	995,506	238,284
No.2 Heating Oil,Gulf	1,000 bbl	-	-	74	1,856	-
Leaded Reg. Gasoline,NY	1,000 bbl	653,630	406,843	104,082	7,300	-
Leaded Reg.Gasoline,Gulf	1,000 bbl	-	-	77	2	-
Unleaded Gasoline, NY		2,736	-	-	-	-
Crude Oil	1,000 bbl	1,840,342	323,153	-	-	-
NY MERCANTILE EXCHANGE		5,344,995	3,926,589	2,649,941	1,781,407	1,154,905
Rice, Milled	120,000 lb	-	275	5,262	10,249	-
Rice, Rough	200,000 lb	2,978	11,964	11,253	11,478	-
Cotton	50,000 lb	-	1,004	8,388	9,271	-
Soybeans	5,000 bu	-	197	1,998	4,997	-
Corn	5,000 bu	-	102	971	-	-
CHICAGO RICE & COTTON EX.**		2,978	13,542	27,872	35,995	-
GNMA Mrtges, CD	$100,000	-	-	-	-	4,530
T-Bills (90-day)	$1,000,000	-	-	-	-	5
T-Bonds	$100,000	-	-	-	-	8,050
AMEX COMMODITY EX.		-	-	-	-	12,585
TOTAL ALL CONTRACTS		149,372,225	139,924,940	112,400,879	98,522,371	92,096,109
CHANGE FROM PREVIOUS YEAR		+6.32%	+24.5%	+14%	+7%	+21.2%

*Cash Settlement

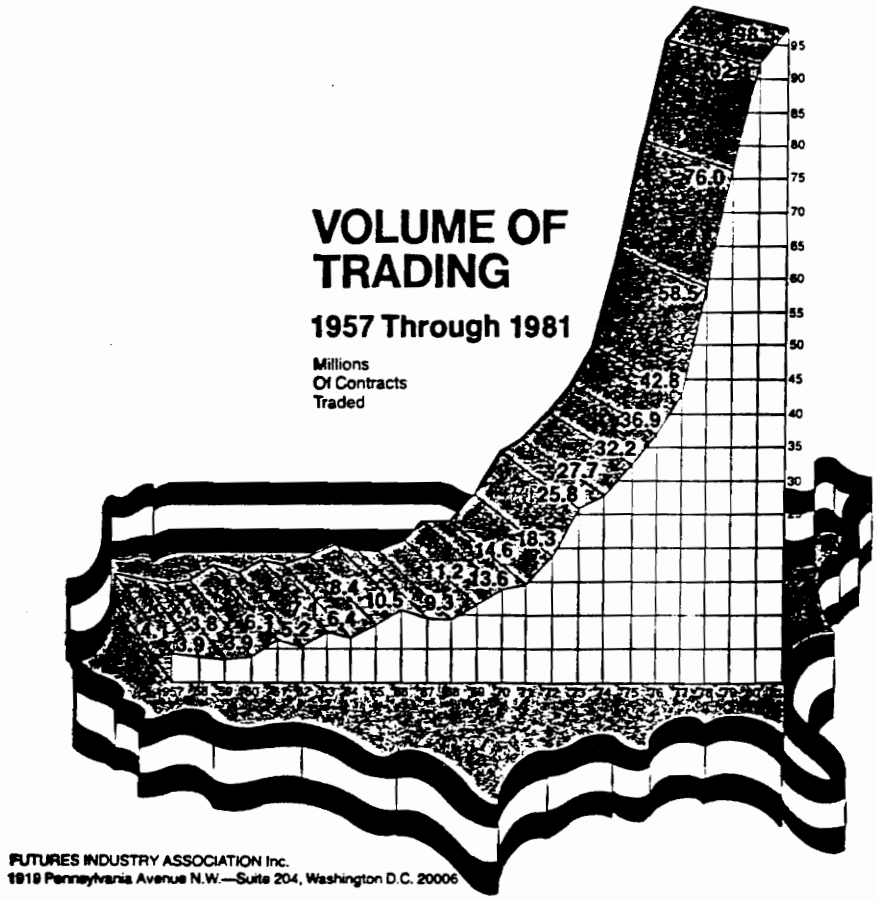
**Formerly New Orleans Com. Ex.

FUTURES VOLUME HIGHLIGHTS

1984 in Comparison with 1983

Rank	Contracts With Volume Over 100,000	1984 Contracts	%	1983 Contracts	%	Rank
1.	T-Bonds, CBT	29,963,280	20.06	19,550,535	13.97	(1)
2.	S&P 500 Index, CME	12,363,592	8.28	8,101,697	5.79	(5)
3.	Soybeans, CBT	11,362,691	7.61	13,680,324	9.78	(2)
4.	Gold (100 oz), COMEX	9,115,504	6.10	10,382,805	7.42	(4)
5.	Corn, CBT	9,108,526	6.10	11,924,576	8.52	(3)
6.	Silver (5,000 oz), COMEX	6,742,508	4.51	6,432,982	4.60	(6)
7.	Deutsche Mark, CME	5,508,308	3.69	2,423,508	1.73	(19)
8.	Eurodollar (3-month), CME	4,192,952	2.81	891,066	.64	(31)
9.	Swiss Franc, CME	4,129,881	2.76	3,766,130	2.69	(12)
10.	Soybean Oil, CBT	4,009,548	2.68	3,858,558	2.76	(10)
11.	Soybean Meal, CBT	3,822,179	2.56	3,872,453	2.77	(9)
12.	Live Cattle, CME	3,553,270	2.38	4,248,152	3.04	(7)
13.	NYSE Composite Index, NYFE	3,456,798	2.31	3,506,439	2.51	(13)
14.	T-Bills (90-day), CME	3,292,817	2.20	3,789,864	2.71	(11)
15.	Wheat, CBT	2,974,886	1.99	3,886,914	2.78	(8)
16.	Copper, COMEX	2,506,365	1.68	3,186,914	2.28	(16)
17.	Sugar #11, CSC	2,449,549	1.64	3,201,968	2.29	(15)
18.	Japanese Yen, CME	2,334,764	1.56	3,442,262	2.46	(14)
19.	Live Hogs, CME	2,169,030	1.45	2,790,746	1.99	(17)
20.	Mo. 2 Heating Oil, NY, NYMEX	2,091,546	1.40	1,868,322	1.34	(21)
21.	Pork Bellies, CME	1,908,045	1.28	2,403,277	1.72	(20)
22.	Silver (1,000 oz), CBT	1,887,257	1.26	2,643,166	1.89	(18)
23.	Crude Oil, NYMEX	1,840,342	1.23	323,153	.23	(45)
24.	T-Notes (6 1/2-10 year), CBT	1,661,862	1.11	814,505	.58	(32)
25.	Major Market Index, CBT	1,514,737	1.01	-	-	-
26.	British Pound, CME	1,444,492	.97	1,614,993	1.15	(23)
27.	Soybeans, MIDAM	1,301,916	.87	1,171,294	.84	(25)
28.	Cotton #2, NYCE	1,137,141	.76	1,550,117	1.11	(24)
29.	Cocoa (10 M tons), CSC	1,127,752	.75	1,162,540	.83	(26)
30.	Wheat, KCBOT	956,668	.64	942,971	.67	(30)
31.	Domestic CD (90-day), CME	928,662	.62	1,079,580	.77	(27)
32.	Value Line Index, KCBOT	910,956	.61	724,979	.52	(34)
33.	GNMA Mrtges, CDR, CBT	862,450	.58	1,692,017	1.21	(22)
34.	Lumber, CME	753,568	.50	731,003	.52	(33)
35.	Leaded Reg. Gasoline, NY, NYMEX	653,630	.44	406,843	.29	(39)
36.	Corn, MIDAM	604,992	.41	629,678	.45	(35)
37.	Platinum, NYMEX	571,127	.38	1,053,282	.75	(28)
38.	Coffee "C", CSC	499,133	.33	427,441	.31	(38)
39.	Wheat, MIDAM	404,508	.27	334,413	.24	(44)
40.	Canadian Dollar, CME	345,875	.23	558,741	.40	(36)
41.	Wheat, MGE	338,487	.23	379,603	.27	(41)
42.	Orange Jce, Fzn. Conc., NYCE	317,364	.21	124,267	.09	(49)
43.	Feeder Cattle, CME	316,985	.21	537,173	.38	(37)
44.	Gold (Kilo), CBT	302,717	.20	302,745	.22	(46)
45.	T-Bonds, MIDAM	251,300	.17	267,259	.19	(47)
46.	S&P 100 Index, CME	166,202	.11	390,902	.28	(40)
47.	Palladium, NYMEX	159,019	.11	241,224	.17	(48)
48.	Oats, CBT	155,110	.10	359,825	.26	(42)
49.	Live Bogs, MIDAM	112,877	.08	108,069	.08	(50)
50.	Sugar #12, CSC	109,448	.07	84,120	.05	-
	Contracts with Volume Over 100,000 Contracts 1/			1,343,176	.96	
	Contracts with Volume Under 100,000 Contracts	679,609	.45	716,369	.50	.
TOTAL		149,372,225	100.00	139,924,940	100.00	

1/ Contracts over 100,000 traded in 1983 but not over 100,000 in 1984


VOLUME OF TRADING
1957 Through 1981
Millions
Of Contracts
Traded
95
90
85
80
75
70
65
60
55
50
45
40
35
30
6.0
42.8
36.9
32.2
27.1
25.8
18.3
14.6
13.6
11.2
10.5
9.3
8.4
6.4
6.3
5.2
3.8
3.9
FUTURES INDUSTRY ASSOCIATION Inc.
1919 Pennsylvania Avenue N.W.—Suite 204, Washington D.C. 20006

VOLUME HIGHLIGHTS

	Rank	COMMODITY GROUP		Contracts		$
1981	1.	Agricultural Commodities		$0,381,053		$1.15
		Grain	17,915,624		18.18	
		Soybean Complex	17,431,221		17.70	
		Livestock, Products and Poultry	9,406,687		9.55	
		Imported Agricultural Commodities 1/	3,562,613		3.62	
		Other Agricultural Commodities 2/	2,064,908		2.10	
	2.	Financial Instruments		22,864,613		23.20
	3.	Precious Metals		15,690,495		15.93
	4.	Foreign Currency		6,122,002		6.21
	5.	Non-Precious Metals		1,647,383		1.67
	6.	Petroleum Products		1,005,160		1.02
	7.	Lumber Products		811,665		.82
		TOTAL		98,522,371		100.00
		* * * *		*		*
1980	(1)	Agricultural Commodities		59,134,754		64.2
		Grain	20,349,023		22.1	
		Soybean Complex	19,207,489		20.9	
		Livestock, Products and Poultry	11,630,519		12.6	
		Imported Agricultural Commodities	4,886,416		5.3	
		Other Agricultural Commodities	3,052,307		3.3	
	(3)	Financial Instruments		12,469,878		13.5
	(2)	Precious Metals		13,171,816		14.3
	(4)	Foreign Currency		4,222,820		4.6
	(5)	Non-Precious Metals		1,848,108		2.0
	(7)	Petroleum Products		238,309		0.3
	(6)	Lumber Products		1,010,424		1.1
		TOTAL		92,096,109		100.0
		* * * *		*		*
1979	(1)	Agricultural Commodities		46,836,683		61.6
		Grain	14,534,603		19.1	
		Soybean Complex	15,808,811		20.8	
		Livestock, Products and Poultry	11,902,203		15.7	
		Imported Agricultural Commodities	2,510,179		3.3	
		Other Agricultural Commodities	2,081,287		2.7	
	(3)	Financial Instruments		5,607,005		7.4
	(2)	Precious Metals		18,163,696		24.0
	(5)	Foreign Currency		2,222,978		2.9
	(8)	Non-Precious Metals		2,301,108		3.0
	(7)	Petroleum Products		33,894		-
	(6)	Lumber Products		801,107		1.1
		TOTAL		75,966,471		100.0

1/ Excludes Imported Beef

2/ Cotton, Eggs, Orange Juice, Potatoes and Sunflower Seeds

COMMODITY FUTURES CONTRACTS TRADED 1977 - 1981

	CONTRACT UNIT	1981	1980	1979	1978	1977
Wheat	5,000 bu	4,511,934	5,428,160	3,575,395	2,556,134	1,820,790
Corn	5,000 bu	10,674,986	11,946,975	8,671,719	6,127,099	5,021,827
Oats	5,000 bu	370,103	320,934	215,928	215,774	109,970
Soybeans	5,000 bu	10,489,932	11,768,197	9,114,348	8,477,277	7,996,139
Soybean Oil	60,000 lb	3,047,490	3,167,895	3,081,646	2,909,284	2,535,046
Soybean Meal	100 tons	3,039,633	3,218,690	2,647,821	2,493,086	2,373,453
Iced Broilers	30,000 lb	-	4,079	25,681	74,684	64,938
Silver	5,000 oz	214,236	341,033	2,720,589	2,657,833	2,257,059
Silver	1,000 oz	184,776	-	-	-	-
Gold	3 Kg	-	78	12,844	56,470	13,758
Gold	100 oz	14,749	71,401	97,509	-	-
Plywood	76,032 sq.ft.	144,318	169,550	146,570	261,483	368,770
Western Plywood	76,032 sq.ft.	30,871	-	-	-	-
GNMA Mrtges, CD	$100,000	175	12,619	77,365	6,527	-
GNMA Mrtges, CDR	$100,000	2,292,882	2,325,892	1,371,078	953,161	422,421
Com. Paper (90-day)	$1,000,000	49	15,996	39,702	18,767	3,553
Com. Paper (30-day)	$3,000,000	-	67	1,292	-	-
T-Notes (4-6 year)	$100,000	2,721	450	11,599	-	-
T-Bonds	$100,000	13,907,988	6,489,555	2,059,594	555,350	32,101
Domestic CD (90-day)	$1,000,000	158,920	-	-	-	-
CHICAGO BOARD OF TRADE		49,085,763	45,281,571	33,870,680	27,362,929	23,019,825
Fresh Eggs	22,500 dz	13	2,798	21,224	72,984	130,042
Potatoes	80,000 lb	973	2,481	1,126	90	4,727
Live Hogs	30,000 lb	2,258,083	2,153,767	1,805,710	1,765,201	1,307,712
Pork Bellies, Fzn.	38,000 lb	1,997,697	2,250,945	1,514,176	1,439,651	1,358,730
Live Cattle	40,000 lb	4,282,293	5,997,047	7,214,848	5,592,364	2,639,517
Feeder Cattle	42,000 lb	620,885	874,313	980,619	568,728	133,274
Turkeys	36,000 lb	-	-	-	-	144
Boneless Beef	30,000 lb	-	-	-	-	41
Broilers	30,000 lb	20,048	45,237	7,794	-	-
Lumber	130,000 bd.ft.	635,934	838,676	649,478	560,498	486,691
Stud Lumber	100,000 bd.ft.	156	2,198	5,059	9,365	687
Plywood	152,064 sq.ft.	386	-	-	-	-
Grain Sorghums	400,000 lb	-	-	-	-	-
British Pound	25,000	1,491,102	1,263,750	513,682	240,099	78,701
Canadian Dollar	100,000	875,585	601,925	399,885	207,654	161,139
Deutsche Mark	125,000	1,654,891	922,608	450,856	400,569	134,368
Japanese Yen	12,500,000	960,598	575,073	329,645	361,731	82,261
Mexican Peso	1,000,000	18,905	19,301	29,982	17,844	17,029
Swiss Franc	125,000	1,518,767	827,884	493,944	321,451	106,968
Dutch Guilder	125,000	4	4	22	3,585	2,812
U.S. Silver Coins	$5,000	6	10	59	275	371
French Franc	250,000	2,080	144	406	4,449	3,150
Gold	100 oz	2,518,435	2,543,419	3,558,960	2,812,870	908,180
T-Bills (90-day)	$1,000,000	5,631,290	3,338,773	1,930,482	768,980	321,703
T-Bills (1-year)	$250,000	-	604	11,769	5,564	-
T-Notes (4-6 year)	$250,000	-	338	11,072	-	-
Domestic CD (90-day)	$1,000,000	423,718	-	-	-	-
Eurodollar	$1,000,000	15,171	-	-	-	-
CHICAGO MERC. EX.		24,527,020	22,261,295	19,930,798	15,153,952	7,878,247
Wheat	5,000 bu	1,181,884	1,297,757	1,037,018	755,949	617,122
Corn	5,000 bu	-	-	-	-	-
Grain Sorghum	5,000 bu	-	290	-	-	15
KANSAS CITY BD. OF TR.		1,181,884	1,298,047	1,037,018	755,949	617,137

	CONTRACT UNIT	1981	1980	1979	1978	1977
Wheat	5,000 bu	357,779	333,610	328,799	284,313	191,098
Durum Wheat	5,000 bu	-	-	-	-	36
Sunflower Seeds	100,000 lb	14,845	27,368	-	-	-
MINNEAPOLIS GRAIN EX.		372,624	360,978	328,799	284,313	191,134
Wheat	1,000 bu	279,082	550,950	379,975	205,629	151,433
Corn	1,000 bu	513,953	440,615	323,808	256,022	280,268
Oats	5,000 bu	4,176	2,364	1,961	1,423	1,172
Soybeans	1,000 bu	849,169	1,052,707	964,596	994,932	1,104,763
Silver	1,000 oz	143,051	209,494	361,576	378,049	366,585
Gold	1 Kg	-	-	4	3,214	2,650
Gold	33.2 oz	469,460	447,494	200,359	41,939	-
Live Cattle	20,000 lb	119,566	186,831	208,997	54,054	-
Live Hogs	15,000 lb	100,139	103,181	127,674	185,927	159,324
T-Bonds	$50,000	109,944	-	-	-	-
MIDAMERICA COM. EX.		2,588,540	2,993,636	2,568,950	2,121,189	2,066,195
Coffee "C"	37,500 lb	515,302	906,944	449,799	163,959	214,202
Sugar #11	112,000 lb	2,470,327	3,576,662	1,792,723	1,016,773	1,055,984
Sugar #12	112,000 lb	14,333	13,839	35,474	21,875	15,676
Cocoa	30,000 lb	-	187,309	231,918	222,732	307,628
Cocoa	10 M tons	562,651	201,662	265	-	-
Rubber	33,000 lb	-	-	-	-	53
COFFEE SUGAR & COCOA		3,562,613	4,886,416	2,510,179	1,425,339	1,593,543
Copper	25,000 lb	1,647,380	1,848,080	2,301,033	1,408,688	1,070,210
Zinc	60,000 lb	3	28	75	677	-
Silver	5,000 oz	1,240,720	1,058,734	4,080,619	3,822,085	3,540,047
Gold	100 oz	10,373,706	8,001,410	6,541,893	3,742,378	981,551
T-Bills (90-day)	$1,000,000	1,052	76,081	27,860	-	-
T-Notes (2-year)	$100,000	30,188	17,653	-	-	-
GNMA Mrtges, CD	$100,000	-	7,403	873	-	-
COMMODITY EXCHANGE		13,293,049	11,009,389	12,952,353	8,973,828	5,591,808
Cotton #2	50,000 lb	1,415,213	2,490,405	1,689,051	1,155,801	826,395
Orange Joe,Fzn Con	15,000 lb	387,182	162,864	186,018	285,405	377,921
Propane	100,000 gl	496	25	57	3	301
Petroleum	5,000 brl	-	-	-	-	-
Wool	5,000 lb	-	-	-	-	3
NY COTTON, CIT. & PET.		1,802,891	2,653,294	1,875,126	1,441,209	1,204,620
T-Bills (90-day)	$1,000,000	9,766	32,452	-	-	-
T-Bonds	$100,000	162,942	139,410	-	-	-
Domestic CD (90-day)	$1,000,000	117,807	-	-	-	-
British Pound	25,000	37	7,352	-	-	-
Canadian Dollar	100,000	4	692	-	-	-
Deutsche Mark	125,000	3	258	-	-	-
Japanese Yen	12,500,000	13	199	-	-	-
Swiss Franc	125,000	13	3,630	-	-	-
NY FUTURES EXCHANGE		290,585	183,993	-	-	-

	CONTRACT UNIT	1981	1980	1979	1978	1977
Palladium	100 oz	40,822	62,217	46,994	45,174	19,971
Platinum	50 oz	490,493	429,708	536,124	405,748	122,924
U. S. Silver Coins	$10,000	41	6,808	5,462	9,887	15,514
Gold	1 Kg	-	10	171	620	1,017
Gold	400 oz	-	-	533	2,748	2,633
British Pound	25,000	-	-	420	500	-
Canadian Dollar	100,000	-	-	3,866	181	-
Deutsche Mark	125,000	-	-	182	1,844	-
Japanese Yen	12,500,000	-	-	43	441	-
Swiss Franc	125,000	-	-	45	401	-
Imported Lean Beef	36,000 lb	7,796	24,119	16,704	5,890	2,690
Potatoes, Maine	50,000 lb	-	-	-	-	41,248
Potatoes	50,000 lb	237,411	393,759	183,868	453,215	478,558
No.2 Heating Oil,NY	1,000 brl	995,506	238,284	33,804	116	-
No.2 Heating Oil,Gulf	1,000 brl	1,856	-	-	-	-
Leaded Reg. Gasoline,NY	1,000 brl	7,300	-	-	-	-
No.6 Ind'l Fuel Oil	1,000 brl	-	-	33	28	-
Leaded Reg.Gasoline,Gulf	1,000 brl	2	-	-	-	-
NY MERCANTILE EXCHANGE		1,781,407	1,154,905	828,249	926,793	684,555
Rice, Milled	120,000 lb	10,249	-	-	-	-
Rice, Rough	200,000 lb	11,478	-	-	-	-
Cotton	50,000 lb	9,271	-	-	-	-
Soybeans	5,000 bu	4,997	-	-	-	-
NEW ORLEANS COM. EX.		35,995	-	-	-	-
GNMA Mrtges. CD	$100,000	-	4,530	52,493	16,671	-
T-Bills (90-day)	$1,000,000	-	5	4,334	-	-
T-Bonds	$100,000	-	8,050	7,492	-	-
AMEX COMMODITY EX.		-	12,585	64,319	16,671	-
TOTAL ALL CONTRACTS		98,522,371	92,096,109	75,966,471	58,462,172	42,847,064
CHANGE FROM PREVIOUS YEAR		+7%	+21.2%	+29.9%	+36.3%	+16.3%

VOLUME HIGHLIGHTS

1981 in Comparison with 1980

Rank	EXCHANGE	1981 Contracts	1981 %	1980 Contracts	1980 %	Rank
1.	Chicago Board of Trade	49,085,763	49.82	45,281,571	49.18	(1)
2.	Chicago Mercantile Exchange	24,527,020	24.89	22,261,295	24.17	(2)
3.	Commodity Exchange, Inc.	13,293,049	13.49	11,009,389	11.95	(3)
4.	Coffee, Sugar & Cocoa Exchange	3,562,613	3.62	4,886,416	5.31	(4)
5.	MidAmerica Commodity Exchange	2,588,540	2.63	2,993,636	3.25	(5)
6.	New York Cotton Exchange	1,802,891	1.83	2,653,294	2.88	(6)
7.	New York Mercantile Exchange	1,781,407	1.81	1,154,905	1.25	(8)
8.	Kansas City Board of Trade	1,181,884	1.20	1,298,047	1.41	(7)
9.	Minneapolis Grain Exchange	372,624	.38	360,978	.39	(9)
10.	New York Futures Exchange	290,585	.29	183,993	.20	(10)
11.	New Orleans Commodity Exchange	35,995	.04	-	-	-
12.	AMEX Commodity Exchange	-	-	12,585	.01	-
		98,522,371	100.00	92,096,109	100.00	

COMMODITY FUTURES CONTRACTS TRADED 1972 - 1976

	Per Contract	1976	1975	1974	1973	1972
Wheat	5,000 bu	2,973,733	2,262,841	2,376,611	1,567,583	855,813
Corn	"	4,609,262	4,835,049	4,679,042	4,075,075	1,942,120
Oats	"	126,885	154,067	199,486	182,963	36,282
Soybeans	"	5,474,179	3,913,804	2,731,297	2,742,513	4,043,474
Soybean Oil	60,000 lbs	1,685,819	1,489,720	1,620,316	1,762,856	1,110,776
Soybean Meal	100 tons	1,523,711	792,227	878,182	660,305	630,916
Iced Broilers	28,000 lbs	117,641	179,393	221,128	328,346	23,264
Silver	5,000 ozs	2,011,041	1,952,703	1,462,195	1,632,298	813,492
Gold	3 kgs	10,940	54,331	1,143	- - -	- - -
Plywood	76,032 sq ft	233,373	285,486	383,322	274,134	217,631
Stud Lumber	100,000 bd ft	4	2,320	3,258	8,059	411
Winter Wheat	5,000 bu	- - -	- - -	1,455	- - -	- - -
GNMA Mortgages	$100,000	128,568	20,125	- - -	- - -	- - -
CHICAGO BOARD OF TRADE		18,895,156	15,942,066	14,557,435	13,234,032	9,674,179
Butter	30,000 lbs	22	4	- - -	4	- - -
Frozen Eggs	36,000 lbs	- - -	- - -	14	6	86
Fresh Eggs	22,500 doz	146,341	142,968	361,257	617,395	474,948
Nest-Run Eggs	" "	- - -	76	405	- - -	- - -
Copper	12,500 lbs	55	1,550	6,129	- - -	- - -
Idaho Potatoes	50,000 lbs	1,889	1,974	9,063	9,532	6,137
Pork Bellies, Fzn	36,000 lbs	1,201,066	1,443,464	735,246	1,154,873	2,057,064
Live Hogs	30,000 lbs	1,146,815	1,426,507	1,083,512	1,061,770	543,257
Live Ctle,M-W	40,000 lbs	2,647,700	2,457,259	2,517,341	2,547,827	1,370,471
Hams,Fzn,Sknd	36,000 lbs	8	- - -	- - -	9	2
Turkeys, Tom	36,000 lbs	118	- - -	4	- - -	- - -
Lumber	100,000 bd ft	350,530	256,252	238,427	194,792	66,539
Grain Sorghums	400,000 lbs	11	670	1,344	2,271	1,354
Live Feeder Ctle	42,000 lbs	62,795	29,587	30,999	22,752	7,423
British Pound	25,000 lbs	33,465	15,015	14,033	31,412	14,790
Canadian Dollar	$100,000	17,068	2,677	3,699	29,164	38,807
Deutschemark	250,000	44,887	54,793	49,447	77,272	19,320
Italian Lira	50,000,000	- - -	- - -	- - -	144	592
Japanese Yen	12,500,000	1,449	1,790	7,239	125,660	43,989
Mexican Peso	1,000,000	51,439	48,547	90,941	120,342	9,717
Swiss Franc	250,000	37,246	69,933	42,505	22,013	17,722
Dutch Guilders	125,000	392	927	1,527	11,327	- - -
U.S.Silver Coins	$5,000	257	34,757	86,977	18,555	- - -
Canadian Sil.Coins	100,000	- - -	- - -	281	509	- - -
French Francs	250,000	5,968	6,238	11,359	- - -	- - -
Gold	100 ozs	340,921	406,968	2,131	- - -	- - -
Treas. Bills	$1,000,000	110,223	- - -	- - -	- - -	- - -
CHIC.MERC & IMM		6,201,665	6,401,956	5,293,850	6,047,629	4,672,218
Copper	25,000 lbs	1,243,011	494,019	411,073	564,589	251,219
Gold	100 tr. ozs	479,363	393,517	2,550	- - -	- - -
Mercury	10 flasks	- - -	11	84	25	115
Rubber	22,040 lbs	- - -	75	183	- - -	- - -
Silver	5,000 ozs	3,741,908	2,902,315	1,365,915	1,237,860	815,168
COMMODITY EXCHANGE, INC.		5,464,282	3,789,937	1,779,805	1,802,474	1,066,502

VOLUME HIGHLIGHTS

1981 in Comparison with 1980

Rank	Contracts With Volume Over 100,000	1981 Contracts	1981 %	1980 Contracts	1980 %	1980 Rank
1.	T-Bonds, CBT	13,907,988	14.11	6,489,555	7.05	(4)
2.	Corn, CBT	10,674,986	10.83	11,946,975	12.97	(1)
3.	Soybeans, CBT	10,489,932	10.65	11,768,197	12.78	(2)
4.	Gold, COMEX	10,373,706	10.53	8,001,410	8.69	(3)
5.	T-Bills (90-day), CME	5,631,290	5.72	3,338,773	3.63	(8)
6.	Wheat, CBT	4,511,934	4.58	5,428,160	5.89	(6)
7.	Live Cattle, CME	4,282,293	4.35	5,997,047	6.51	(5)
8.	Soybean Oil, CBT	3,047,490	3.09	3,167,895	3.44	(10)
9.	Soybean Meal, CBT	3,039,633	3.09	3,218,690	3.49	(9)
10.	Gold, CME	2,518,435	2.56	2,543,419	2.76	(11)
11.	Sugar #11, CS&C	2,470,327	2.51	3,576,662	3.88	(7)
12.	GNMA Mrtges, CDR, CBT	2,292,882	2.33	2,325,892	2.53	(13)
13.	Live Hogs, CME	2,258,083	2.29	2,153,767	2.34	(15)
14.	Pork Bellies, Fzn, CME	1,997,697	2.03	2,250,945	2.44	(14)
15.	Deutsche Mark, CME	1,654,891	1.68	922,608	1.00	(21)
16.	Copper, COMEX	1,647,380	1.67	1,848,080	2.01	(16)
17.	Swiss Franc, CME	1,518,767	1.54	827,884	.90	(25)
18.	British Pound, CME	1,491,102	1.51	1,263,750	1.37	(18)
19.	Cotton #2, NYCE	1,415,213	1.44	2,490,405	2.70	(12)
20.	Silver(5,000oz)COMEX	1,240,720	1.26	1,058,734	1.15	(19)
21.	Wheat, KCBOT	1,181,884	1.20	1,297,757	1.41	(17)
22.	No.2 Heating Oil,NY,NYME	995,506	1.01	238,284	.26	(37)
23.	Japanese Yen, CME	960,598	.96	575,073	.62	(27)
24.	Soybeans, MIDAM	849,169	.86	1,052,707	1.14	(20)
25.	Lumber, CME	635,934	.65	838,676	.91	(24)
26.	Feeder Cattle, CME	620,885	.63	874,313	.95	(23)
27.	Cocoa, 10M tons, CS&C	562,651	.57	388,971	.42	(33)
28.	Coffee "C", CS&C	515,302	.52	906,944	.98	(22)
29.	Corn, MIDAM	513,953	.52	440,615	.49	(30)
30.	Platinum, NYME	490,493	.50	429,708	.47	(31)
31.	Canadian Dollar, CME	475,585	.48	601,925	.65	(26)
32.	Gold, MIDAM	469,460	.48	447,494	.49	(29)
33.	Domestic CD (90-day), CME	423,718	.43	-	-	
34.	Orange Juice,Fzn Con, NYCE	387,182	.39	162,864	.18	(41)
35.	Oats, CBT	370,103	.38	320,934	.35	(36)
36.	Wheat, MGE	357,779	.36	333,610	.36	(35)
37.	Wheat, MIDAM	279,082	.28	550,950	.60	(28)
38.	Potatoes, NYME	237,411	.24	393,759	.43	(32)
39.	Silver, CBT	214,236	.22	341,033	.37	(34)
40.	Silver, CBT	184,776	.19	-	-	
41.	T-Bonds, NYFE	162,942	.17	139,410	.15	(42)
42.	Domestic CD (90-day), CBT	158,920	.16	-	-	
43.	Plywood, CBT	144,318	.15	169,550	.18	(40)
44.	Silver, MIDAM	143,051	.15	209,494	.23	(38)
45.	Live Cattle, MIDAM	119,566	.12	186,831	.20	(39)
46.	Domestic CD, NYFE	117,807	.12	-	-	
47.	T-Bonds, MIDAM	109,944	.11	-	-	
48.	Live Hogs, MIDAM	100,139	.10	103,181	.11	(43)
	Contracts with Volume Under 100,000 Contracts	275,228	.28	473,178	.52	
	TOTAL	98,522,371	100.00	92,096,109	100.00	

	Per Contract	1976	1975	1974	1973	1972
Cottonseed Oil	60,000 lbs	- - -	- - -	- - -	2	-
Fishmeal	100 metric tons	- - -	- - -	- - -	5,361	5,700
Pepper	11,200 lbs	- - -	- - -	- - -	0	696
Foreign Currency		- - -	- - -	- - -	0	24,531
Pork Bellies,Fzn	18,000 lbs	- - -	- - -	- - -	0	2
Deutschemark		- - -	- - -	- - -	101	- - -
Italian Lira		- - -	- - -	- - -	40	- - -
Japanese Yen		- - -	- - -	- - -	396	- - -
Dutch Guilder		- - -	- - -	- - -	4,707	- - -
Belgian Franc		- - -	- - -	- - -	2,991	- - -
INTERNATIONAL COMMERCIAL EX.					13,598	30,933
Wheat	5,000 bu	687,811	608,901	426,686	346,118	292,921
Corn	"	539	- - -	8	354	- - -
Grain Sorghums	280,000 lbs	- - -	- - -	0	1	2
KANSAS CITY BD. OF TRADE		688,350	608,901	426,694	346,473	292,923
Wheat	1,000 bu	514,048	363,821	623,939	74,662	15,544
Oats	"	2,904	4,987	5,161	9,323	2,132
Corn	"	418,715	802,173	760,521	102,572	12,579
Soybeans	"	700,466	657,132	557,348	56,546	81,205
Live Hogs	15,000 lbs	145,647	139,669	34,352	- - -	- - -
Gold	1 Kilogram	2,573	6,872	421	- - -	- - -
Silver	1,000 ozs	447,513	439,915	587,256	400,048	80,800
U.S.Silver Coins	$5,000 value	- - -	52	3,850	141,712	43,092
MIDAMERICA COMM. EX.		2,231,866	2,414,621	2,572,848	783,863	235,352
Wheat	5,000 bu	228,084	197,134	174,574	171,660	116,874
Oats	"	- - -	- - -	14	- - -	- - -
Pork Bellies,Fzn	36,000 lbs	- - -	- - -	- - -	- - -	2,294
Durum Wheat	5,000 bu	471	2,231	3,974	417	- - -
MINNEAPOLIS GRAIN EX.		228,555	199,365	178,562	172,077	119,168
Cocoa	30,000 lbs	333,421	313,760	345,264	430,836	278,416
Rubber	33,000 lbs	611	4,200	- - -	- - -	- - -
NEW YORK COCOA EX.		334,032	317,960	345,264	430,836	278,416
Coffee "C"	37,500 lbs	174,486	71,063	151,913	182,605	7,669
Sugar,Domes(#10&7)	112,000 "	0	9,725	43,273	21,797	19,644
Sugar #11	"	984,677	790,630	736,941	1,029,588	875,178
Sugar #12	"	14,052	1,641	302	- - -	- - -
Coffee "B"	32,500 lbs	13	9	- - -	- - -	- - -
N.Y.COFFEE & SUGAR EX.		1,173,228	873,068	932,429	1,233,990	902,482
Petroleum	5,000 barrels	7,346	34,326	14,446	- - -	- - -
Cotton #2	50,000 lbs	938,543	525,103	396,434	450,272	365,372
Orng Jce,Fzn Con	15,000 lbs	69,587	65,846	96,525	151,970	123,493
Wool	5,000 lbs	532	899	2,350	4,677	3,778
Propane	100,000 gal	1,958	4,761	8,293	7,013	925
Tomato Paste	26,500 lbs	- - -	- - -	- - -	- - -	100
N.Y. COTTON EX.& ASSOC.		1,017,966	630,935	518,048	613,932	493,668
Palladium	100 ozs	6,811	1,349	2,277	1,888	489
Platinum	50 ozs	135,810	90,287	199,623	147,802	159,272
Plywood	70,000 sq ft	- - -	- - -	- - -	- - -	4,020
Potatoes,Maine	50,000 lbs	413,021	795,732	770,781	673,672	246,603
Potatoes,Rnd Wh.	50,000 lbs	43,649	- - -	- - -	- - -	- - -
Idaho Russets	50,000 lbs	- - -	- - -	- - -	- - -	9
Indust'l Fuel Oil	100 met.tn	- - -	98	6	- - -	- - -
Heating Oil	" " "	- - -	8	11	- - -	- - -
Shell Eggs	22,500 lbs	- - -	- - -	- - -	2	- - -
Imp.Fzn Bn.Bf	30,000 lbs	3,114	3,396	4,803	2,645	964
Silver Coins	$10,000 value	29,751	50,659	90,852	89,978	26,437
Butter		- - -	- - -	- - -	4	- - -

	Per Contract	1976	1975	1974	1973	1972
Belgian Francs	2,000,000	5,604	28,535	18,840	- - -	- - -
Gold	32.151 troy ozs	2,351	36,733	1,230	- - -	- - -
British Pound	25,000	- - -	- - -	8	- - -	- - -
Deutschemark	250,000	- - -	- - -	8	- - -	- - -
Swiss Franc	250,000	4	4	10	- - -	- - -
Japanese Yen	12,500,000	- - -	- - -	8	- - -	- - -
Canadian Dollar	100,000	- - -	- - -	4	- - -	- - -
Mexican Peso	1,000,000	- - -	2	5	- - -	- - -
N. Y. MERC. EXCH.		640,115	1,006,803	1,088,470	915,991	437,794
Coconut Oil	60,000 lbs	961	5,792	16,870	12,742	1,812
Coconut Oil	500 Long Ton	66	44	- - -	- - -	- - -
Shell Eggs	22,500 lbs	- - -	- - -	107	3,498	- - -
W.Live Cattle	50,000 dzn	57	900	1,605	848	- - -
Silver	5,000 T.oz	75	5,055	1,767	- - -	- - -
Silver	1,000 T.oz	- - -	207	- - -	- - -	- - -
Palm Oil	60,000 lbs	324	2,468	- - -	- - -	- - -
Palm Oil	500 Long Ton	29	25	- - -	- - -	- - -
PACIFIC COMMODITY EX.		1,512	14,491	20,349	17,088	1,812
Copper	25,000 lbs	- - -	- - -	765	11,374	3,191
Diamonds	20 carats	- - -	- - -	- - -	- - -	3,574
Gold	200 troy ozs	- - -	- - -	- - -	- - -	- - -
Silver	5,000 ozs	- - -	- - -	17,939	149,966	76,557
Cocoa	15,000 lbs	- - -	- - -	68	4,955	5,235
Sugar	56,000 lbs	- - -	- - -	762	45,975	38,033
Silver Coins	$5,000 value	- - -	- - -	- - -	- - -	18
Coffee		- - -	- - -	10	2,494	- - -
WEST COAST COMMODITY EX.		- - -	- - -	19,544	214,764	126,608
TOTAL ALL CONTRACTS		36,876,727	32,200,103	27,733,328	25,826,747	18,332,055
CHANGE FROM PERVIOUS YEAR		+14.52%	+16.11%	+7.37%	+40.90%	+25.88%

COMMODITY FUTURES CONTRACTS TRADED 1969 - 1973 INCL.

	Per Contract	1973	1972	1971	1970	1969
*Wheat	5,000 bu	1,567,483	855,813	549,773	559,514	756,072
*Corn	"	4,075,075	1,942,120	2,073,652	2,140,044	1,609,231
Oats	10,000 bu	182,963	36,282	45,006	91,816	133,730
*Rye	5,000 bu	- - -	- - -	3	3,957	19,549
*Soybeans	5,000 bu	2,742,513	4,043,474	3,113,038	2,031,272	1,002,972
*Soybean Oil	60,000 lbs	1,762,856	1,110,776	1,485,519	1,907,436	781,349
*Soybean Meal	100 tons	660,305	630,916	474,911	868,333	416,289
*Live Chce Steers	40,000 lbs	- - -	- - -	149	4,577	57,353
Iced Broilers	28,000 lbs	328,346	23,264	55,136	95,280	93,554
Silver	5,000 ozs	1,632,298	813,492	559,330	191,006	23,850
Plywood	69,120 sq ft	274,134	217,631	222,987	47,426	394
Stud Lumber	100,000 bd ft	8,059	411	- - -	- - -	- - -
CHICAGO BOARD OF TRADE		13,234,032	9,674,179	8,579,504	7,940,661	4,894,388
Butter	30,000 lbs	4	- - -	- - -	- - -	13
Frozen Eggs	36,000 lbs	6	86	- - -	19	302
*Fresh Eggs	22,500 doz	617,395	474,948	379,850	678,627	447,457
*Idaho Potatoes	50,000 lbs	9,532	6,137	23,916	78,030	88,520
*Pork Bellies, Fzn	36,000 lbs	1,154,873	2,057,064	1,695,386	1,778,443	2,158,518
*Live Hogs	30,000 lbs	1,061,770	543,257	261,001	115,108	63,787
*Live Cattle Mid-West	40,000 lbs	2,547,827	1,370,471	745,835	578,525	999,224
*Live Cattle-Western	40,000 lbs	- - -	- - -	- - -	- - -	- - -
*Hams, Fzn, Sknd	36,000 lbs	9	2	71	216	431
Turkeys, Tom	36,000 lbs	- - -	- - -	- - -	- - -	23
Lumber	100,000 bd ft	194,792	66,539	100,149	85,513	744
*Frozen Beef	36,000 lbs	- - -	- - -	128	1,584	- - -
*Grain Sorghums	400,000 lbs	2,271	1,354	8,155	- - -	- - -
*Live Feeder Cattle	42,000 lbs	22,752	7,423	520	- - -	- - -
British Pound	50,000	31,412	14,790	- - -	- - -	- - -
Canadian Dollar	200,000	29,164	38,807	- - -	- - -	- - -
Deutschemark	500,000	77,272	19,320	- - -	- - -	- - -
Italian Lira	50,000,000	144	592	- - -	- - -	- - -
Japanese Yen	25,000,000	125,660	43,989	- - -	- - -	- - -
Mexican Peso	1,000,000	120,342	9,717	- - -	- - -	- - -
Swiss Franc	500,000	22,013	17,722	- - -	- - -	- - -
Dutch Guilder		11,327	- - -	- - -	- - -	- - -
U.S. Silver Coins		18,555	- - -	- - -	- - -	- - -
Canadian Silver Coins		509	- - -	- - -	- - -	- - -
CHIC. MERC. EX. & IMM		6,047,629	4,672,218	3,215,011	3,316,065	3,759,019
Copper	25,000 lbs	564,589	251,219	235,374	177,467	85,189
*Hides	40,000 lbs	- - -	- - -	- - -	7	267
Lead	60,000 lbs	- - -	- - -	- - -	35	146
Mercury	10 flasks	25	115	177	466	1,333
Propane	100,000 gal	- - -	- - -	347	674	569
Rubber	22,400 lbs	- - -		- - -	10	56
Silver	10,000 ozs	1,237,860	815,168	616,244	693,697	585,249
Tin	11,200 lbs	- - -	- - -	10	71	200
Zinc	60,000 lbs	- - -	- - -	- - -	3	108
COMMODITY EXCHANGE, INC.		1,802,474	1,066,502	852,152	872,430	674,117

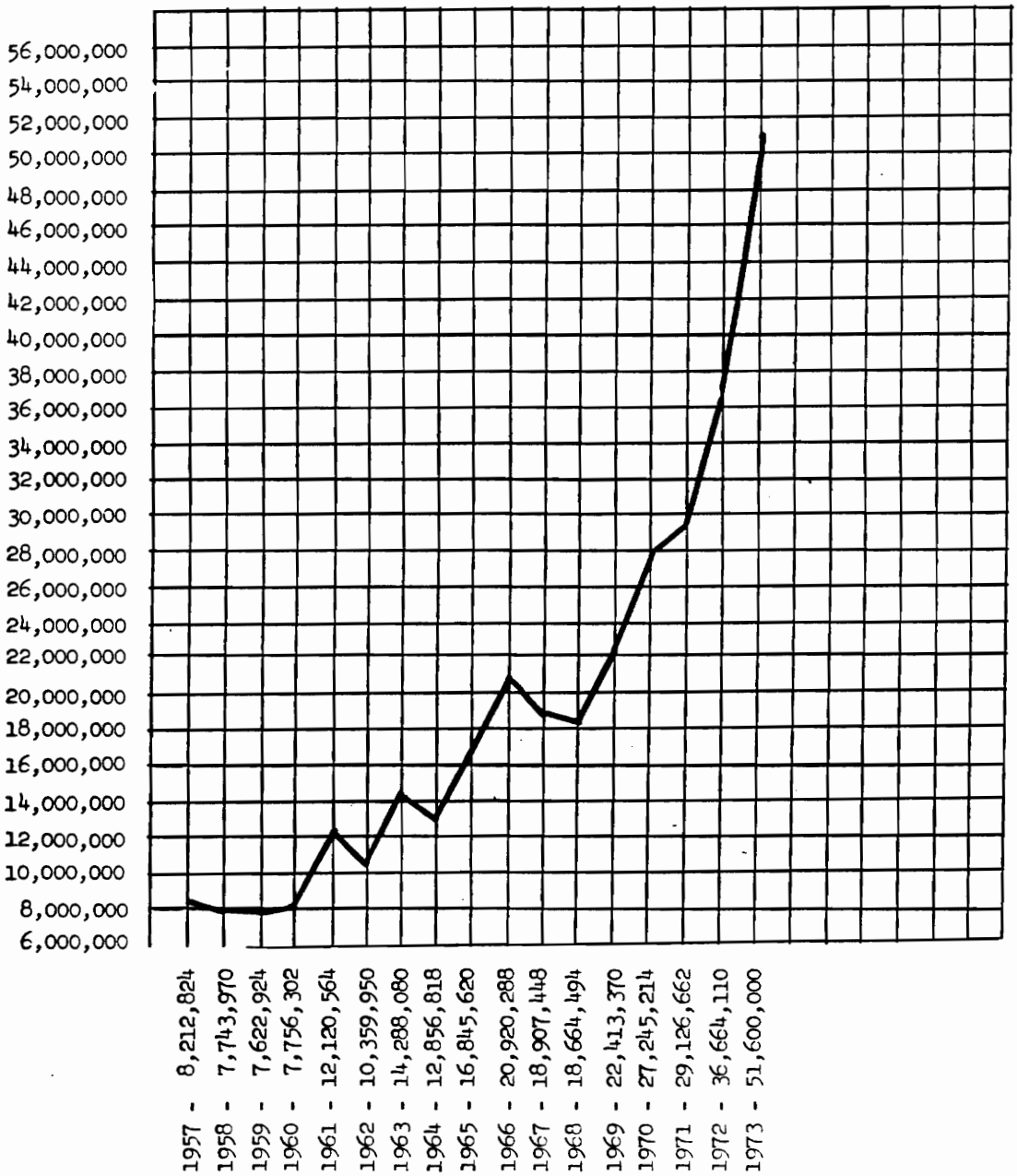
*The C.E.A. supplied the data regarding the number of contracts traded on the commodities designated by an asterisk. These commodities are regulated by the CEA.

		1973	1972	1971	1970	1969
*Cottonseed Oil	60,000 lbs	2	4	25	25	13
Fishmeal 100	metric tons	5,361	5,700	235	406	1,018
Pepper	11,200 lbs	0	696	1,037	5	5
Foreign Currency		0	24,531	14,603	1,340	- - -
Pork Bellies, Fzn	18,000 lbs	0	2	52	- - -	- - -
British Pd.Sterling	0	0	- - -	- - -	- - -	- - -
Swiss Franc	0	0	- - -	- - -	- - -	- - -
French Franc	0	0	- - -	- - -	- - -	- - -
Deutschemark	0	101	- - -	- - -	- - -	- - -
Italian Lira	0	40	- - -	- - -	- - -	- - -
Japanese Yen	0	396	- - -	- - -	- - -	- - -
Canadian Dollar	0	0	- - -	- - -	- - -	- - -
Dutch Guilder		4,707	- - -	- - -	- - -	- - -
Belgian Franc		2,991	- - -	- - -	- - -	- - -
INTERNATIONAL COMMERCIAL EX.		13,598	30,933	15,952	1,776	1,036
*Wheat	5,000 bu	346,118	292,921	150,452	179,485	147,819
*Corn	"	354	- - -	- - -	3	- - -
*Grain Sorghums	280,000 lbs	1	2	100	466	1,606
KANSAS CITY BD. OF TR.		346,473	292,923	158,552	179,954	149,425
*Wheat	1,000 bu	74,662	15,544	7,601	14,196	24,159
*Corn	"	102,572	12,579	10,443	11,338	13,110
*Oats	"	9,323	2,132	724	1,224	3,112
*Rye	"	- - -	- - -	2	80	445
*Soybeans	"	56,546	81,205	46,076	25,555	10,047
Silver	1,000 ozs	400,048	80,800	49,805	4,267	8,662
U.S. Silver Coins	$5,000 value	141,712	43,092	- - -	- - -	- - -
MID AMERICA COMM.EX.		783,863	235,352	114,651	56,660	59,535
*Wheat	5,000 bu	171,660	116,874	54,229	49,732	44,538
*Corn	"	- - -	- - -	58	8	- - -
*Oats	"	- - -	- - -	- - -	4	- - -
*Rye	"	- - -	- - -	- - -	- - -	- - -
*Pork Bellies, Fzn	36,000 lbs	- - -	2,294	3,337	- - -	- - -
Durum Wheat		417	- - -	- - -	- - -	- - -
MINNEAPOLIS GRAIN EX.		172,077	119,168	57,624	49,744	44,538
Cocoa	30,000 lbs	430,836	278,416	212,802	312,667	405,423
NEW YORK COCOA EX.						
Coffee "C"	37,500 lbs	182,605	7,669	160	102	- - -
Coffee "U"	32,500 lbs	- - -	- - -	- - -	2	68
Molasses	40,000 gal	- - -	- - -	- - -	53	392
Sugar-World (#8)	112,000 lbs	- - -	- - -	2,552	266,667	536,077
Sugar-Domest. (#10,#7)	"	21,797	19,644	7,658	11,179	14,319
Sugar #11	"	1,029,588	875,178	454,964	75,944	- - -
N.Y. COFFEE & SUGAR EX.		1,233,990	902,482	465,334	353,947	550,856
*Cotton #1	50,000 lbs	- - -	- - -	- - -	- - -	47
*Cotton #2	50,000 lbs	450,272	365,372	358,847	33,657	64,366
*Orange Juice, FznCon	15,000 lbs	151,970	123,493	157,926	73,347	129.877
*Wool	6,000 lbs	4,677	3,778	3,559	3,741	6,347
*Wool Top	5,000 lbs	- - -	- - -	8	66	92
Propane	100,000 gal	7,013	925	1,544	- - -	- - -
Tomato Paste	26,500 lbs	- - -	100	222	- - -	- - -
N.Y. COTTON EXCH.,&ASSO.		613,932	493,668	522,106	110,811	200,729
Aluminum	50,000 lbs	- - -	- - -	- - -	2	- - -
Apples	840 cartons	- - -	- - -	- - -	124	331
Palladium	100 ozs	1,888	489	106	757	10,870
Platinum	50 ozs	147,802	159,272	112,413	98,867	84,009
Plywood	70,000 sq ft	- - -	4,020	9,581	792	5,299
*Potatoes, Maine	50,000 lbs	673,672	246,603	151,359	316,691	365,575
*Idaho Russets	50,000 lbs	- - -	9	19	119	535
Nickel	2,000 lbs	- - -	- - -	1	382	- - -
Butter		4	- - -	- - -	- - -	- - -

	Per Contract	1973	1972	1971	1970	1969
*Shell Eggs	22,500 lbs	2	- - -	87	26	- - -
*Imported Fzn, Boneless Beef	30,000 lbs	2,645	964	556	- - -	- - -
Silver Coins	$10,000 value	89,978	26,437	17,985		
NEW YORK MERCANTILE EXCH.		915,991	437,794	292,117	417,760	466,619
*Coconut Oil	60,000 lbs	12,742	1,812	- - -	- - -	- - -
*Shell Eggs	22,500 lbs	3,498	- - -	- - -	- - -	- - -
W. Live Cattle	50,000 dzn	848	- - -	- - -	- - -	- - -
PACIFIC COMMODITIES EXCH.		17,088	1,812			
Copper	25,000 lbs	11,374	3,191	5,009	423	- - -
Diamonds	20 carats	- - -	3,574	- - -	- - -	- - -
Gold	200 troy ozs	- - -	- - -	475	- - -	- - -
Silver	5,000 ozs	149,966	76,557	53,739	6,379	- - -
Cocoa	15,000 lbs	4,955	5,235	6,618	2,510	- - -
Sugar	56,000 lbs	45,975	38,033	10,929	820	- - -
Silver Coins	$5,000 value	- - -	18	756	- - -	- - -
Coffee		2,494	- - -	- - -	- - -	- - -
WEST COAST COMMODITY EXCH.		214,764	126,608	77,526	10,132	
TOTAL ALL REGULATED CONTRACTS		18,285,377	14,345,711	11,810,383	11,547,271	9,345,191
TOTAL NON-REGULATED CONTRACTS		7,541,370	3,986,344	2,752,948	2,075,335	1,861,494
TOTAL ALL FUTURES CONTRACTS		25,826,747	18,332,055	14,563,331	13,622,607	11,206,685
CHANGE FROM PREVIOUS YEAR		40.90%	25.88%	6.91%	21.56%	20.09%

VOLUME OF TRADING

17 YEARS - 1957 thru 1973



SIZE OF THE COMMODITY FUTURES BUSINESS

During 1973, the number of futures transactions on U. S. commodity exchanges totalled 51,653,494 (both sides).

The "dollar value" of the commodities is based on figures supplied by each commodity exchange on which those commodities were traded. It should be kept in mind that the "dollar value" is a somewhat theoretical amount, because it is the value if deliveries were made on all contracts traded, although, actual delivery is made on only a small percentage (possibly about 3%).

ESTIMATED "VALUE" OF COMMODITIES TRADED.

Commodity	1973
Soybeans	$113,846,659,000
Silver	65,866,451,800
Corn	54,194,039,800
Cattle	48,591,400,562
Wheat	41,077,600,200
International Money	36,830,000,000
Soybean Oil	25,064,600,000
Pork Bellies	23,805,410,190
Soybean Meal	18,453,300,000
Copper	13,559,116,630
Live Hogs	13,389,728,997
Cotton	12,898,000,000
Sugar	11,617,398,530
Eggs	8,266,058,247
Cocoa	7,221,251,865
Iced Broilers	5,079,500,000
Coffee	4,450,106,025
Silver Coins	3,558,292,460
Lumber	2,753,502,815
Potatoes	2,658,037,470
Plywood	2,598,700,000
Frozen Con. Orng Jce	1,260,000,000
Platinum	1,210,888,140
Oats	1,144,251,000
Propane	250,000,000
Coconut Oil	186,122,000
Stud Lumber	101,500,000
Frozen Boneless Beef	74,872,914
Wool	65,000,000
Grain Sorghums	44,696,052
Palladium	14,365,250
Skinned Hams	268,118
Butter	263,914
Mercury	74,100
TOTAL . . .	$520,131,456,079

COMMODITY FUTURES CONTRACTS TRADED 1965 - 1969 incl.

	Per Contract	1969	1968	1967	1966	1965
•Wheat	5,000 Bu	756,072	1,306,076	1,934,262	1,182,648	683,506
•Corn	"	1,609,231	1,567,368	1,945,508	2,046,376	794,189
•Oats	"	133,730	123,251	59,996	111,579	90,041
•Rye	"	19,594	28,140	45,770	83,025	45,415
•Soybeans	"	1,002,972	943,552	1,105,045	3,152,540	3,565,434
•Soybean Oil	60,000 lbs	781,349	300,903	284,506	574,588	594,058
•Soybean Meal	100 tons	416,289	367,269	353,632	465,774	324,568
Steer Carcass Beef	30,000 lbs	- - -	- - -	- - -	574	1,557
•Live Choice Steers	27,600 lbs	57,353	23,695	32,941	4,187	- - -
Iced Broilers	25,000 lbs	93,554	2,257	- - -	- - -	- - -
Silver	5,000 ozs	23,850	- - -	- - -	- - -	- - -
Plywood	69,120 sq ft	394	- - -	- - -	- - -	- - -
CHICAGO BOARD OF TRADE		4,894,388	4,662,511	5,761,660	7,621,291	6,098,770
Wheat	5,000 Bu	24,159	31,947	26,577	9,731	5,589
Corn	"	13,110	9,064	7,063	5,049	1,105
Oats	"	3,112	1,597	359	217	202
Rye	"	445	277	427	462	257
Soybeans	"	10,047	12,295	12,585	50,249	47,857
Silver	2,000 Oz	8,662	476	- - -	- - -	- - -
CHICAGO OPEN BD. OF TR.		59,535	55,656	47,011	65,708	55,010
•Wheat	5,000 Bu	147,819	218,669	239,072	185,858	106,213
•Corn	"	- - -	94	1,849	6,180	0
Soybeans	"	- - -	- - -	- - -	- - -	164
Grain Sorghums	280,000 lbs	1,606	2,033	7,101	6,895	0
Feeder Cattle, Live	25,000 lbs	- - -	0	178	472	- - -
KANSAS CITY BD. OF TR.		149,425	220,796	248,200	199,405	106,377
•Wheat	5,000 Bu	44,538	80,546	66,983	61,904	32,342
Rye	"	0	101	- - -	- - -	- - -
Flaxseed	1,000 Bu	- - -	- - -	0	0	53
Oats	5,000 Bu	- - -	3	13	0	- - -
MINN. GRAIN EXCH.		44,538	80,650	66,696	61,904	32,395
Wheat	5,000 Bu	- - -	- - -	- - -	- - -	71
Corn	"	- - -	- - -	- - -	- - -	75
Oats	"	- - -	- - -	- - -	- - -	23
Rye	"	- - -	- - -	- - -	- - -	69
MILWAUKEE GRAIN EXCH.						238
Butter	30,000 lbs	13	0	123	5,676	- - -
Refrig. Shell Eggs	15,000 Doz	- - -	0	3,334	79,344	96,411
Frozen Eggs	36,000 lbs	302	1,999	1,897	6,149	16,633
Fresh Eggs	18,000 Doz	447,457	165,381	25,942	155	- - -
Idaho Potatoes	50,000 lbs	88,520	24,242	- - -	- - -	- - -
Pork Bellies	30,000 lbs	2,158,518	1,398,636	1,047,023	728,059	715,184
Live Hogs	20,000 lbs	63,787	8,857	9,371	8,061	- - -
Live Cattle Mid-West	25,000 lbs	999,224	252,835	298,723	168,574	59,296
Live Cattle-Western	40,000 lbs	- - -	387	1,043	2,395	324
Beef Dressed	30,000 lbs	- - -	- - -	- - -	- - -	689
Hams, Frzn, Sknd	30,000 lbs	431	206	425	420	138
Turkeys, Hen	30,000 lbs	- - -	- - -	- - -	- - -	99
Turkeys, Tom	30,000 lbs	23	39	1	23	418
Frozen Shrimp #1	5,000 lbs	- - -	- - -	- - -	- - -	92
Frozen Shrimp #2	5,000 lbs	- - -	- - -	- - -	- - -	34
Lumber	40,000 Board Ft	744	- - -	- - -	- - -	- - -
CHICAGO MERCANTILE		3,759,019	1,852,582	1,387,882	993,[illegible]	[illegible]

COMMODITY FUTURES CONTRACTS TRADED 1965 - 1969 incl.

	Per Contract	1969	1968	1967	1966	1965
Aluminum	50,000 lbs	- - -	- - -	- - -	18	140
Apples	840 cartons	331	- - -	- - -	- - -	- - -
Butter	30,000 lbs	- - -	- - -	- - -	40	- - -
Palladium	100 ozs	10,870	42,636	- - -	- - -	- - -
Platinum	50 ozs	84,009	96,906	16,312	1,033	1,724
Plywood	70,000 sq ft	5,299	- - -	- - -	- - -	- - -
•Potatoes, Maine	50,000 lbs	365,575	454,848	546,826	590,337	530,657
•Idaho Russets	50,000 lbs	535	- - -	- - -	- - -	- - -
NEW YORK MERCANTILE EXCHANGE		466,619	594,390	563,138	591,428	532,521
•Cotton #1	100 Bales	47	369	180	727	873
•Cotton #2	100 Bales	64,366	239,436	70,304	- - -	29
•Orange Juice,Fzn Con	15,000 lbs	129,877	149,122	22,860	1,283	- - -
•Wool	6,000 lbs	6,347	10,871	17,878	33,863	35,894
•Wool Top	5,000 lbs	92	130	177	131	205
N.Y. COTTON EXCHANGE & WOOL & CITRUS		200,729	399,928	111,399	36,004	37,001
•Cottonseed Oil	60,000 lbs	13	70	1,352	7,145	17,262
Fishmeal	100 metric tons	1,018	680	1,195	- - -	- - -
Soybeans	5,000 bu	- - -	0	128	2,155	- - -
Pepper	22,400 lbs	5	1	0	10	175
NEW YORK PRODUCE EXCHANGE		1,036	751	2,675	9,310	17,437
TOTAL ALL REGULATED CONTRACTS		9,345,191	7,725,906	6,758,889	8,668,797	6,989,197
Cocoa	30,000 lbs	406,423	397,199	407,643	509,589	222,352
NEW YORK COCOA EXCHANGE						
Coffee "B"	32,500 lbs	- - -	- - -	334	2,955	15,005
Coffee "C"	37,500 lbs	- -	- - -	0	0	34
Coffee "R"	33,600 lbs	- - -	- - -	115	249	84
Coffee "U"	32,500 lbs	68	73	- - -	- - -	- - -
Molasses	40,000 gal	392	- - -	- - -	- - -	- - -
Sugar-World (#8)	112,000 lbs	536,077	525,853	624,494	261,031	187,555
Sugar-Domestic(#10,#7)	112,000 lbs	14,319	12,960	15,952	38,136	42,704
N.Y.COFFEE & SUGAR EXCHANGE		550,856	538,886	640,895	302,361	245,382
Copper	50,000 lbs	86,189	40,916	51,015	43,690	164,105
•Hides	40,000 lbs	267	1,637	5,006	10,116	4,605
Lead	60,000 lbs	146	195	170	104	461
Mercury	10 flasks	1,333	2,459	3,946	- - -	- - -
Propane	100,000 gal	569	3,369	1,091	- - -	- - -
Rubber	22,400 lbs	56	47	141	173	686
Silver	10,000 ozs	585,249	479,983	154,671	10,013	15,535
Tin	11,200 lbs	200	201	140	152	334
Zinc	60,000 lbs	108	91	45	40	283
COMMODITY EXCHANGE, INC.		674,117	528,898	216,225	64,288	186,009
TOTAL NON-REGULATED CONTRACTS		1,861,494	1,606,341	2,694,835	1,791,347	1,433,613
TOTAL ALL FUTURES CONTRACTS		11,206,685	9,332,247	9,453,724	10,460,144	8,422,810
CHANGE FROM PREVIOUS YEAR		+20.09%	-1.28%	-9.62%	+24.19%	+31.02%

The Commodity Exchange Authority supplied the data regarding the number of contracts traded on the commodities designated by an asterisk. These commodities are regulated by the CEA.

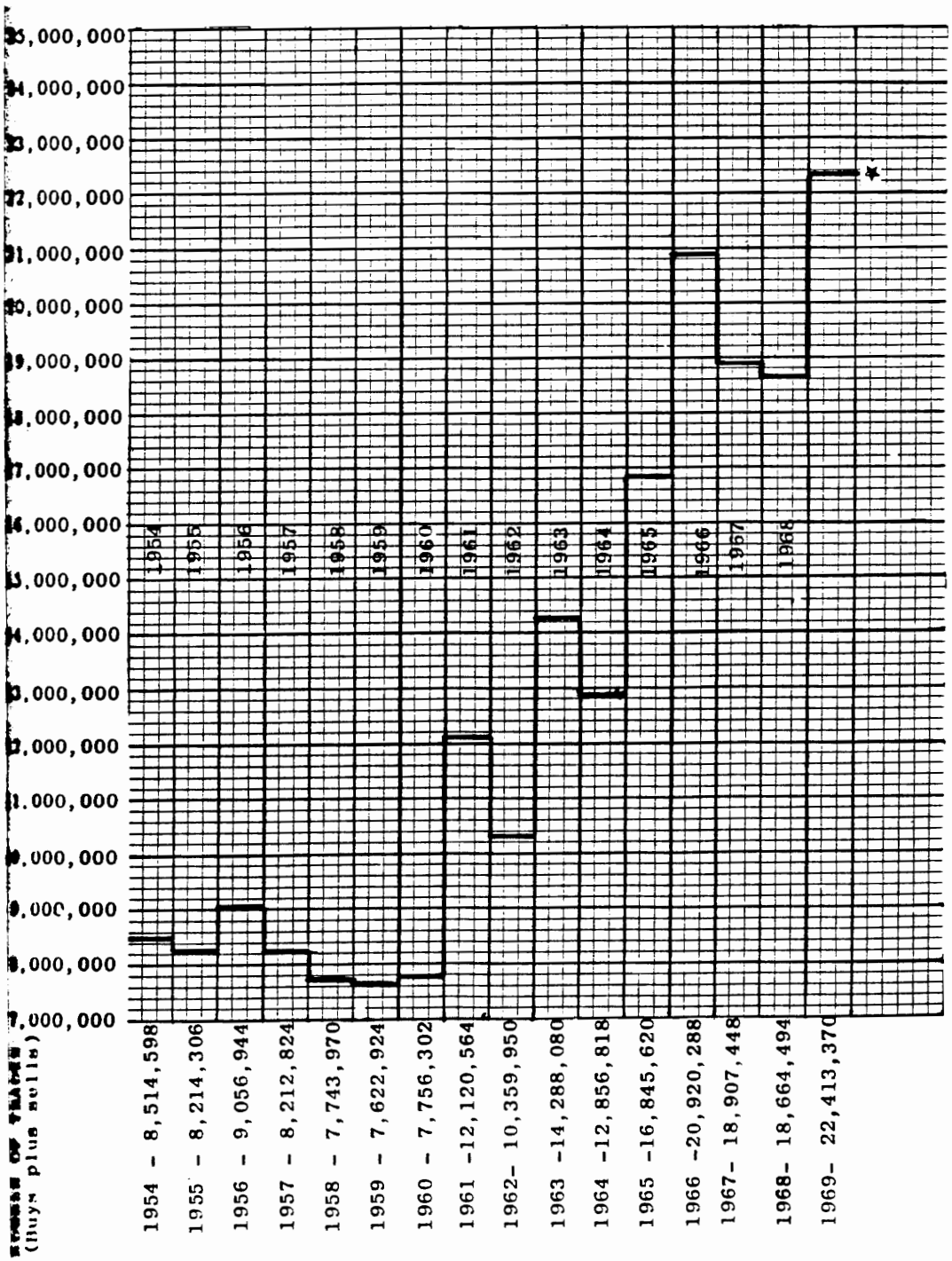
	1-1-69 to 12-31-69		1-1-68 to 12-31-68		
	Contracts	%	Contracts	%	(Rank)
[illegible] Board of Trade	4,894,388	43.67	4,662,511	49.96	(1)
[illegible] Mercantile Exchange	3,759,019	33.54	1,852,582	19.85	(2)
[illegible]dity Exchange, Inc.	674,117	6.02	528,898	5.67	(5)
[illegible]. Coffee & Sugar Exchange	550,856	4.92	538,886	5.77	(4)
[illegible]. Mercantile Exchange	466,619	4.16	594,390	6.37	(3)
[illegible]ork Cocoa Exchange	406,423	3.63	397,199	4.26	(6)
[illegible] City Board of Trade	149,425	1.33	220,796	2.36	(8)
[illegible] Association-N.Y. Cotton	129,877	1.16	149,122	1.60	(9)
[illegible]ork Cotton Exchange	64,413	.58	239,805	2.57	(7)
[illegible] Open Board of Trade	59,535	.53	55,656	.60	(11)
[illegible]apolis Grain Exchange	44,538	.40	80,650	.86	(10)
[illegible] Association-N.Y. Cotton	6,439	.05	11,001	.12	(12)
[illegible]ork Produce Exchange	1,036	.01	751	.01	(13)
T O T A L . . .	11,206,685	100.00	9,332,247	100.00	

INDIVIDUAL CONTRACTS WITH VOLUME OVER 20,000

	1-1-69 to 12-31-69		1-1-68 to 12-31-68		
	Contracts	%	Contracts	%	(Rank)
[illegible]illies, Chicago Merc.	2,158,518	19.59	1,398,636	15.27	(2)
[illegible]. Chicago Board of Trade	1,609,231	14.60	1,567,368	17.11	(1)
[illegible]ats, " " " "	1,002,972	9.10	943,552	10.30	(4)
[illegible] Cattle, M.W., Chic.Merc.	999,224	9.07	252,835	2.76	(11)
[illegible]an Oil, Chic.Bd of Trd.	781,349	7.09	300,903	3.28	(10)
[illegible]., " " " "	756,072	6.86	1,306,076	14.26	(3)
[illegible]r, Commodity Exchange	585,249	5.31	479,983	5.24	(6)
[illegible](World)#8,N.Y.Coffee	536,077	4.87	525,853	5.74	(5)
[illegible] Eggs,Chicago Merc.	447,457	4.06	165,381	1.81	(14)
[illegible]an Meal,Chic. Bd. of Trd.	416,289	3.78	367,269	4.01	(9)
[illegible], N.Y. Cocoa Exch.	406,423	3.69	397,199	4.34	(8)
[illegible] Potatoes, N.Y. Merc.	365,575	3.32	454,848	4.97	(7)
[illegible], Kansas City Bd. of Trd.	147,819	1.34	218,669	2.39	(13)
[illegible]. Chicago Board of Trade	133,730	1.21	123,251	1.35	(16)
[illegible]ge Jce.Fzn.Con.,N.Y.Cotton	129,877	1.18	149,122	1.63	(15)
[illegible] Broilers,Chic. Bd. of Trd.	93,554	.85	2,257	.02	(23)
[illegible] Potatoes, Chicago Merc.	88,520	.80	24,242	.26	(20)
[illegible]m, N. Y. Merc.	84,009	.76	96,906	1.06	(17)
[illegible]n #2, N. Y. Cotton	64,366	.58	239,436	2.61	(12)
[illegible] Hogs, Chicago Merc.	63,787	.58	8,857	.10	(22)
[illegible] Choice Steers,Chic.Bd.ofTrd.	57,353	.52	23,695	.26	(21)
[illegible]., Minneapolis Grain Exch.	44,538	.40	80,546	.88	(18)
[illegible]., Chicago Open Bd. of Trd.	24,159	.22	31,947	.35	(19)
[illegible]r, Chicago Board of Trade	23,850	.22	- - -		
[illegible]ontracts Over 20M Each	11,019,998	100.00	9,158,831	100.00	

Increases over 15,000	1969 over 1968	Decreases over 15,000	1969 under 1968
[illegible]es, Chicago Merc.	759,882	Wheat, Chic.Bd.of Trd.	550,004
[illegible]., M.W., " "	746,389	Cotton #2, N.Y.Cotton	175,070
[illegible]., Chic. Bd. of Trd.	480,446	Maine Potatoes,N.Y.Merc.	89,273
[illegible]. Chicago Merc.	282,076	Wheat, Kan.City Bd.of Trd.	70,850
[illegible]ommodity Exch.	105,266	Wheat, Minn. Grain Exch.	36,008
[illegible]lers, Chic. Bd. of Trd.	91,297	Palladium, N.Y. Merc.	31,766
[illegible]atoes, Chicago Merc.	64,278	Orange Jce Frn.Con.,N.Y.Cotton	19,245
[illegible]. Chicago Bd. of Trd.	59,420		
[illegible]. Chicago Merc.	54,930		
[illegible]al, Chicago Bd. of Trd.	49,020		
[illegible]ommodity Exch.	45,273		
[illegible]go Bd. of Trd.	41,863		
[illegible] Steers, Chic. Bd.of Trd.	33,658		

VOLUME OF FUTURES TRADING
16 YEARS: 1954 - 1969



1961 - 1965 incl.

COMMODITY FUTURES CONTRACTS TRADED

	Per Contract	1965	1964	1963	1962	1961
Wheat	5,000 Bu	683,508	743,830	824,254	876,837	516,975
Corn	"	794,189	684,278	822,622	965,572	627,112
Oats	"	90,041	101,040	139,989	272,410	224,138
Rye	"	45,415	91,146	128,067	218,434	192,395
Soybeans	"	3,565,434	2,587,973	2,846,125	946,267	2,409,532
Soybean Oil	60,000 lbs	594,058	398,514	636,194	319,834	384,630
Cottonseed Oil	60,000 lbs	0	701	480	- - -	- - -
Lard, Drummed	40,000 lbs	0	0	16	2,864	15,968
Soybean Meal	100 tons	324,568	290,655	262,742	335,260	322,812
Grain Sorghums	300,000 lbs	0	54	9	- - -	0
Steer Carcass Beef	30,000 lbs	1,557	- - -	- - -	- - -	--- -
CHICAGO BOARD OF TRADE		6,098,770	4,898,191	5,660,498	3,937,478	4,693,554
Wheat	5,000 Bu	5,589	8,777	6,663	9,199	4,117
Corn	"	1,105	1,367	1,877	4,280	2,016
Oats	"	202	157	333	1,482	699
Rye	"	257	864	1,556	5,659	2,622
Soybeans	"	47,857	34,948	29,194	9,545	27,424
CHICAGO OPEN BD. OF TR.		55,010	46,113	39,623	30,165	36,878
Wheat	5,000 Bu	106,213	98,078	112,108	110,465	72,164
Corn	"	0	14	72	68	
Soybeans	"	164	0	12	- - -	- - -
Grain Sorghums	280,000 lbs	0	1	171	5	105
KANSAS CITY BD. OF TRADE		106,377	98,093	112,363	110,538	72,269
Wheat	5,000 Bu	32,342	31,061	40,589	46,533	43,759
Rye	"	0	2	2	4	2
Barley	"	0	0	33	- - -	0
Flaxseed	1,000 Bu	53	236	2,561	12,458	25,403
Oats	5,000 Bu	0	- - -	0	1,446	3,981
Soybeans	"	0	- - -	0	5	0
MINN. GRAIN EXCH.		32,395	31,299	43,185	60,446	73,145
Wheat	5,000 Bu	71	105	153	173	60
Corn	"	75	63	116	165	105
Oats	"	23	32	16	157	239
Rye	"	69	180	140	316	403
MILWAUKEE GRAIN EXCHANGE		238	380	425	811	807
Eggs, Shell	15,000 Doz	96,411	72,967	165,566	330,422	350,309
Frozen Eggs	30,000 lbs	16,633	14,038	66,476	67,441	134,616
Potatoes	45,000 lbs	0	0	20	27	15
Pork Bellies	30,000 lbs	715,184	154,673	1,728	562	435
Live Cattle-Mid-West	25,000 lbs	59,296	1,577	- - -	- - -	- - -
Live Cattle-Western	40,000 lbs	324	- - -	- - -	- - -	- - -
Beef, Dressed	30,000 lbs	689	- - -	- - -	- - -	- - -
Hams, Frzn, sknd	30,000 lbs	138	306	- - -	- - -	- - -
Chickens, Broilers	30,000 lbs	0	0	5	329	- - -
Turkeys, Hen	30,000 lbs	99	3,236	33,411	16,376	- - -
Turkeys, Tom	30,000 lbs	418	298	- - -	- - -	- - -
Frozen Shrimp #1	5,000 lbs	92	1,118	818	- - -	- - -
Frozen Shrimp #2	5,000 lbs	34	1,336	- - -	- - -	- - -
CHICAGO MERCANTILE EXCHANGE		889,318	249,549	268,024	415,157	485,375

1961 - 1965 incl.

COMMODITY FUTURES CONTRACTS TRADED

	Per Contract	1965	1964	1963	1962	1961
Milfeeds	210,000 lbs	0	0	3	323	- - -
ST. LOUIS MERCHANTS						
Aluminum	50,000 lbs	140	- - -	- - -	- - -	- - -
Potatoes, Maine	50,000 lbs	530,657	392,956	120,237	214,887	209,348
Potatoes, L. I.	45,000 lbs	0	0	0	0	40
Platinum	50 oz	1,724	2,212	14	0	21
Rice "L"	100,000 lbs	0	23	- - -	- - -	- - -
Rice "M"	100,000 lbs	0	10	- - -	- - -	- - -
NEW YORK MERCANTILE EXCHANGE		532,521	395,201	120,251	214,887	209,410
Cotton	100 Bales					
NEW ORLEANS COTTON EXCHANGE		0	72	463	630	700
Cotton #1	100 Bales	873	5,695	19,179	32,350	34,950
Cotton #2	100 Bales	29	134	- - -	- - -	- - -
Wool	6,000 lbs	35,894	35,021	29,196	43,782	95,111
Wool Top	5,000 lbs	205	354	657	1,184	3,149
N.Y. COTTON EXCH. & WOOL ASSOC.		37,001	41,204	49,032	77,306	133,210
Cottonseed Oil	60,000 lbs	17,262	23,024	125,755	68,510	87,237
Cottonseed Meal	100 tons	0	40	- - -	- - -	- - -
Soybean Oil	60,000 lbs	0	0	40	0	80
Pepper	22,400 lbs	175	226	7	0	37
NEW YORK PRODUCE EXCHANGE		17,437	23,290	125,802	68,522	87,354
Cottonseed Meal	100 tons	0	5	31	39	102
Soybean Meal	100 tons	0	0	689	1,001	1,945
MEMPHIS BD. OF TR. CL. ASSOC.			5	720	1,040	2,047
TOTAL ALL REGULATED CONTRACTS		6,989,197	5,618,415	6,384,406	4,900,034	5,794,256
Cocoa	30,000 lbs					
NEW YORK COCOA EXCHANGE		222,352	116,023	206,151	115,611	124,781
Coffee "B"	32,500 lbs	15,005	32,704	5,450	3,672	12,728
Coffee "C"("M" '60-'63)	37,500 lbs	34	199	46	756	4,413
Coffee "R"	30,000 lbs	84	0	38	53	764
Sugar #7	112,000 lbs	42,704	110,700	143,801	32,576	35,075
Sugar #8	112,000 lbs	187,555	235,098	344,880	63,172	12,267
Sugar #9	112,000 lbs	- - -	- - -	- - -	2,506	1,069
N.Y. COFFEE & SUGAR EXCHANGE		245,382	378,701	494,215	102,735	66,316
Burlap	50,000 yds	- - -	- - -	23,285	44,316	74,436
Copper	50,000 lbs	164,105	126,075	8,467	35,592	56,863
Hides	40,000 lbs	4,605	9,674	7,536	4,777	6,842
Lead	60,000 lbs	461	1,086	735	936	1,180
Rubber	22,400 lbs	686	1,148	2,127	2,041	8,487
Silver	10,000 ozs	15,535	10,397	3,944	- - -	- - -
Tin	11,200 lbs	334	249	- - -	- - -	- - -
Zinc	60,000 lbs	283	1,659	476	970	1,064
COMMODITY EXCHANGE, INC.		186,009	150,288	23,285	44,316	74,436
TOTAL NON-REGULATED CONTRACTS		1,433,613	809,994	759,634	279,941	266,026
TOTAL ALL FUTURES CONTRACTS		8,422,810	6,428,409	7,144,040	5,179,975	6,060,282
CHANGE FROM PREVIOUS YEAR		+31.02%	-10.02%	+37.92%	-14.53%	+56.27%

Volume Highlights 1965

	Exchange:	1965 Contracts	1965 %	1964 Contracts	1964 %	Rank
1.	Chicago Board of Trade	6,098,770	72.4	4,898,191	76.20	(1)
2.	Chicago Mercantile	889,318	10.6	249,549	3.88	(4)
3.	New York Mercantile	532,521	6.3	395,201	6.15	(2)
4.	New York Coffee & Sugar	245,382	2.9	378,701	5.89	(3)
5.	New York Cocoa Exchange	222,352	2.6	116,023	1.80	(6)
6.	Commodity Exchange, Inc.	186,009	2.2	150,288	2.34	(5)
7.	Kansas City Board of Trade	106,377	1.3	98,093	1.53	(7)
8.	Chicago Open Board of Trade	55,010	0.7	46,113	.72	(8)
9.	Wool Associates	36,099	0.4	35,375	.55	(9)
10.	Minneapolis Grain	32,395	0.4	31,299	.49	(10)
11.	New York Produce	17,437	0.2	23,290	.36	(11)
12.	New York Cotton	902		5,829	.09	(12)
13.	Milwaukee Grain	238		380		
14.	New Orleans Cotton			72		
15.	Memphis Bd. of Trade			5		
	TOTAL	8,422,810	100.00%	6,428,409	100.00%	

INDIVIDUAL CONTRACTS WITH VOLUME OVER 20,000 in 1964	1965 Contracts Traded	1965 % of Total	1964 Contracts Traded	1964 % of Total	1964 Rank
1. Soybeans, Chic. Bd. of Tr.	3,565,434	42.3	2,587,973	40.26	(1)
2. Corn, " " " "	794,189	9.4	684,278	10.64	(3)
3. Pork Bellies, Chic. Merc.	715,184	8.5	154,673	2.41	(8)
4. Wheat, Chic. Bd. of Tr.	683,508	8.1	743,830	11.57	(2)
5. Soybean Oil, " " "	594,058	7.1	398,514	6.20	(4)
6. Potatoes, Maine, N.Y.Merc.	530,657	6.3	392,956	6.11	(5)
7. Soybean Meal, Chic.Bd. of Tr.	324,568	3.9	290,655	4.52	(6)
8. Cocoa	222,352	2.6	116,023	1.81	(10)
9. Sugar #8	187,555	2.2	235,098	3.66	(7)
10. Copper	164,105	2.0	126,075	1.96	(9)
11. Wheat, Kansas City Bd. of Tr.	106,213	1.3	98,078	1.53	(13)
12. Shell Eggs, Chic. Merc.	96,411	1.1	72,967	1.14	(15)
13. Oats, Chicago Bd. of Trade	90,041	1.1	101,040	1.57	(12)
14. Live Cattle,Mid-West,Chic.Merc.	59,296	0.7			
15. Soybeans, Chic. Open Bd. of Tr.	47,857	0.6	34,948	.54	(17)
16. Rye, Chicago Bd. of Tr.	45,415	0.5	91,146	1.42	(14)
17. Sugar #7	42,704	0.5	110,700	1.72	(11)
18. Wool	35,894	0.4	35,021	.54	(16)
19. Wheat, Minneapolis Grain	32,342	0.4	31,061	.48	(19)
Total over 20,000 each -	8,337,783	99.0%	6,360,764	98.95%	

54 separate contracts traded in 1965, 28 traded over 1,000 contracts each of which 16 increased, 11 decreased (1 new) in volume in 1965 over 1964.

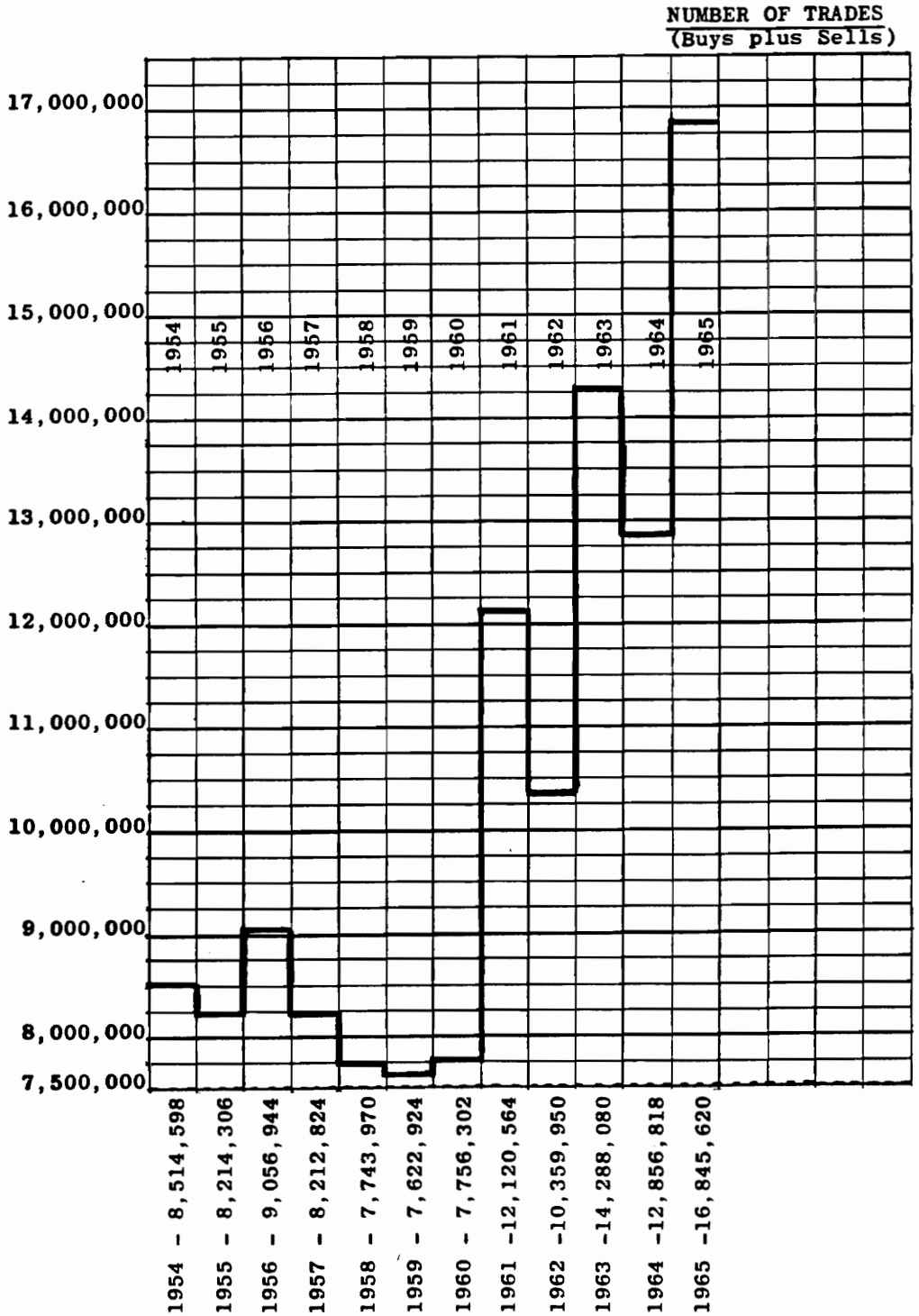
Amount of INCREASE of contracts increasing over 15,000 in 1965 over 1964:

Soybeans, Chic.Bd. of Tr.	977,461	Cocoa	106,329
Pork Bellies, Chic. Merc.	560,511	Live Cattle,M.W., Chic.Merc.	57,719
Soybean Oil, Chic. B.of T.	195,544	Copper	38,030
Maine Potatoes, N.Y. Mer.	137,701	Soybean Meal,Chic. B. of T.	33,913
Corn, Chic. Bd. of Tr.	109,911	Shell Eggs, Chic. Mer.	23,444

Amount of DECREASE of contracts decreasing over 15,000 in 1965 from 1964:

Sugar #7	67,996	Sugar #8	47,543
Wheat, Chic. Bd. of Tr.	60,322	Rye, Chic. Bd. of Tr.	45,731
		Coffee "B"	17,699

VOLUME OF FUTURES TRADING
12 YEARS: 1954 — 65



COMMODITY FUTURES EXCHANGES — FEBRUARY 1966

The name following the exchange is that of the paid executive.
The name following the address is that of the top elected official followed by the date of next election. (The telephone number is preceded by the area code.)

BOARD OF TRADE OF THE CITY OF CHICAGO (Vacant) Pres., Warren W. Lebeck, Exec. Vice-Pres.
141 West Jackson Boulevard, Chicago, Illinois, 60604 (312- WA 2-2800)
Robert L. Martin, Chairman of the Board - 3rd Mon. Jan. (1-16-67)

CHICAGO MERCANTILE EXCHANGE - Everette B. Harris, President
110 No. Franklin St., Chicago, Illinois, 60606 (312- RA 6-6490)
Nathan A. Wertheimer, Chairman of the Board - 3rd Mon. Jan. (By Board) (1-16-67)

CHICAGO OPEN BOARD OF TRADE - F. W. Kiely, Secretary-Treasurer
343 South Dearborn Street, Chicago, Illinois, 60604 (312- WE 9-0606)
Floyd E. Baker, President - 3rd Tues. July (7-20-65)

BOARD OF TRADE OF KANSAS CITY, MO. - J. S. Chartrand, Exec. Vice-Pres.
221 West Tenth Street, Kansas City, Missouri, 64105 (816- BA 1-4900)
Ralph J. Crawford, President - 1st Tues. after 1st Mon. in Jan. (1-3-67)

MEMPHIS BOARD OF TRADE - Fred J. Rivalto, General Manager (No futures trading in 1965)
Cotton Exchange Bldg., Memphis, Tennessee, 38101 (901- JA 7-3347)
W. K. Martak, President - 2nd Sat. Jan. (1-14-67)

MERCHANTS EXCHANGE OF ST. LOUIS - C. A. Poelker, Jr., Sec'y (No futures trading 1964 &'65)
5100 Oakland Ave., St. Louis, Missouri, 63110 (314- JE 5-2400)
R. F. Deibel, Jr., President - 3rd Wed. Jan. (1-18-67)

MILWAUKEE GRAIN EXCHANGE - R. W. Hoth, Secretary
741 No. Milwaukee St., Milwaukee, Wisconsin, 53202 (414- BR 1-0585)
Walter M. Goldschmidt, President - 1st Mon. April (4-4-66)

MINNEAPOLIS GRAIN EXCHANGE - George Wilkens, Executive Vice-President
150 Grain Exchange Bldg., Minneapolis, Minnesota, 55415 (612- FE 6-6361)
Ralph C. Bagley, President - 1st Thurs. Oct. (10-6-66)

COMMODITY EXCHANGE, INC. - Henry J. Fink, Secretary
81 Broad St., New York, N. Y. 10004 (212- WH 3-5282)
Matthew S. Fox, President - 3rd Thurs. Jan. (By Board) (1-19-67)

NEW YORK COCOA EXCHANGE, INC. - F. J. Brennan, Secretary
82 Beaver Street, New York, N. Y. 10005 (212- HA 2-5985)
William I. Witkin, President - 4th Tues. Oct. (10-25-66)

NEW YORK COFFEE & SUGAR EXCHANGE, INC. - Admiral Edwin B. Dexter, Executive Director
79 Pine Street, New York, N. Y. 10005 (212- BO 9-8637)Kenworth V. Bohlman, Admin. Sec'y
James M. Clark, President, Reed Clark, Vice-Pres., 3rd Thurs. Jan. (1-19-67)

NEW YORK COTTON EXCHANGE - F. Marion Rhodes,Pres., J. William Donaghy, Sec'y
60 Beaver St., New York, N. Y. 10004 (212- BO 9-7880)
George A. Oberle, Chairman of the Board - 1st Mon. June (6-6-66)

NEW YORK MERCANTILE EXCHANGE - John J. Scanlan, President
6 Harrison St., New York, N. Y. 10013 (212- WO 6-2600)
Llewellyn Watts, Jr., Chairman of the Board - 2nd Tues. Dec. (12-13-66)

NEW YORK PRODUCE EXCHANGE - C. Robert Berg, Managing Director, Arthur F. Winheim,Ass't Sec'y
2 Broadway, New York, N. Y., 10004 (212- BO 9-3400)
Donald V. MacDonald, President - 1st Mon. June (6-6-66)

WOOL ASSOCIATES OF THE N. Y. COTTON EXCHANGE - J. W. Donaghy, Ass't Sec'y
60 Beaver St., New York, N. Y. 10004 (212- BO 9-7880)
James J. Caires, President - 1st Mon. June (6-6-66)

WINNIPEG GRAIN EXCHANGE - Jas. W. Clarke, President, P. K. Huffman, Sec'y-Treas.
167 Lombard Ave., Winnipeg 2, Manitoba, Canada (204- 942-6401)
M. O. L. Tod, Chairman - 4th Wed. Sept. (9-28-66)

COMMODITY FUTURES CONTRACTS TRADED

	Per Contract	1961	1960	1959	1958	1957
Wheat	5,000 Bu	516,965	394,186	574,192	794,139	823,347
Corn	"	627,112	516,843	369,118	421,695	400,508
Oats	"	224,138	145,407	100,263	95,127	94,880
Rye	"	192,395	96,189	163,205	172,827	186,596
Soybeans	"	2,409,532	1,165,464	867,574	608,235	866,118
Grain Sorghums	300,000 lbs	0	10	143	3	23
Cotton	100 Bales	0	21	620	1,080	430
Cottonseed Oil	60,000 lbs	- - -	- - -	- - -	- - -	23
Soybean Oil	60,000 lbs	384,630	212,118	141,083	156,089	173,470
Lard, Drummed	40,000 lbs	15,968	14,108	10,967	21,617	53,984
Lard, Loose	60,000 lbs	0	197	1,603	527	- - -
Soybean Meal	100 tons	322,812	149,180	209,384	114,112	50,546
CHICAGO BOARD OF TRADE		4,693,554	2,493,733	2,438,152	2,385,451	2,649,925
Wheat	5,000 Bu	4,117	5,451	9,790	14,582	18,275
Corn	"	2,016	1,490	1,707	3,008	2,986
Oats	"	699	774	450	189	340
Rye	"	2,622	1,896	2,854	2,219	2,339
Soybeans	"	27,424	19,493	10,590	6,260	11,547
CHICAGO OPEN BD. OF TRADE		36,878	29,104	25,391	26,258	35,547
Wheat	5,000 Bu	72,164	52,553	75,914	88,163	97,647
Corn	"	0	19	155	0	2
Soybeans	"	0	0	0	0	16
Grain Sorghums	280,000 lbs	105	1,810	750	56	113
Bran	120 tons	- -	- - -	0	0	78
Shorts	120 tons	- - -	- - -	0	0	34
Middlings	105 tons	- - -	- - -	0	0	39
KANSAS CITY BOARD OF TRADE		72,269	54,382	76,695	88,219	97,929
Wheat	5,000 Bu	43,759	41,215	45,709	53,028	61,580
Corn	"	0	0	10	- - -	- - -
Oats	5,000 Bu	3,981	3,037	3,758	4,844	5,462
Rye	"	2	0	11	7	85
Soybeans	"	0	9	17	2	1
Barley	"	0	0	0	13	0
Flaxseed	1,000 Bu	25,403	13,368	5,015	9,035	7,371
MINN. GRAIN EXCH.		73,145	57,629	54,520	66,929	74,499
Wheat	5,000 Bu	60	31	60	529	503
Corn	"	105	208	85	129	153
Oats	"	239	128	173	94	266
Rye	"	403	418	291	354	386
MILWAUKEE GRAIN EXCHANGE		807	785	609	1,106	1,308
Wheat	5,000 Bu					
SEATTLE GRAIN EXCHANGE		0	0	40	120	110
Eggs, Shell	15,000 Dpz	350,309	491,319	358,359	390,641	358,560
Frozen Eggs	30,000 lbs	134,616	75,739	3,228	- - -	- - -
Potatoes	36,000 lbs	15	488	152	41	28
Onions	30,000 lbs	0	0	37,978	52,805	69,959
Butter	20,000 lbs	0	8	0	3	0
Pork Bellies	30,000 lbs	435	0	0	0	0
CHICAGO MERCANTILE EXCHANGE		485,375	567,546	399,717	443,490	428,547

COMMODITY FUTURES CONTRACTS TRADED

	Per Contract	1961	1960	1959	1958	1957
Potatoes, Maine	50,000 lbs	209,348	255,559	153,628	168,952	109,179
Potatoes, L. I.	45,000 lbs	40	155	6,834	- - -	- - -
Onions	30,000 lbs	- - -	- - -	- - -	4	108
Butter	6,400 lbs	0	0	71	40	0
Eggs Fresh Shell		0	284	0	3	0
Platinum	50 oz	21	454	1,072	442	31
NEW YORK MERCANTILE EXCHANGE		209,410	256,452	161,605	169,441	109,318
Cotton	100 Bales	700	2,580	18,600	44,090	41,720
Cottonseed Oil	60,000 lbs	- - -	- - -	180	271	94
NEW ORLEANS COTTON EXCHANGE		700	2,580	18,780	44,361	41,814
Cotton	100 Bales	34,950	25,060	99,850	198,645	173,320
Wool	6,000 lbs	95,111	39,826	54,633	19,135	18,443
Wool Tops	5,000 lbs	3,149	7,138	13,289	13,609	18,848
N.Y. COTTON EXCH. & WOOL ASSOC.		133,210	72,024	167,772	231,389	210,611
Cottonseed Oil	60,000 lbs	87,237	52,894	55,892	59,009	67,273
Soybean Oil	60,000 lbs	80	404	272	313	1,375
Tallow	60,000 lbs	0	0	0	2	63
Pepper	22,400 lbs	37	270	- - -	- - -	- - -
NEW YORK PRODUCE EXCHANGE		87,354	53,568	56,164	59,324	68,711
Cottonseed Meal		102	329	786	619	1,186
Soybean Meal		1,945	1,508	3,021	5,751	7,705
MEMPHIS B. OF T. CL. ASSOC.		2,047	1,837	3,807	6,370	8,891
TOTAL ALL REGULATED CONTRACTS		5,794,256	3,513,177	3,403,252	3,522,458	3,727,210
Cocoa	30,000 lbs					
NEW YORK COCOA EXCHANGE		124,781	70,688	95,009	126,425	88,393
Coffee "B"	32,500 lbs	12,728	13,644	31,964	34,000	25,106
Coffee "M"	37,500 lbs	4,413	9,071	15,263	14,771	15,389
Coffee "R"	33,000 lbs	764	478	- - -	- - -	- - -
Sugar #7(& old #6)	112,000 lbs	35,075	33,013	36,146	23,395	31,466
Sugar #8(& old #4)	112,000 lbs	12,267	58,449	88,866	90,049	180,457
Sugar #9	112,000 lbs	1,069	- - -	- - -	- - -	- - -
N.Y. COFFEE & SUGAR EXCHANGE		66,316	114,655	172,239	162,215	252,418
Hides	40,000 lbs	6,842	8,364	17,531	2,227	5,815
Rubber	22,400 lbs	8,487	14,463	18,014	11,190	24,237
Copper	50,000 lbs	56,863	76,125	92,210	36,531	4,739
Lead	60,000 lbs	1,180	1,594	5,733	3,737	460
Tin	11,200 lbs	0	0	25	41	302
Zinc	60,000 lbs	1,064	2,621	7,376	6,816	2,319
Burlap	50,000 yds	0	1	73	345	519
COMMODITY EXCHANGE, INC.		74,436	103,168	140,962	60,887	38,391
TOTAL NON-REGULATED CONTRACTS		266,026	364,974	408,210	349,527	379,202
TOTAL ALL FUTURES CONTRACTS		6,060,282	3,878,151	3,811,462	3,871,985	4,106,412
CHANGE FROM PREVIOUS YEAR		+56.27%	+1.75%	—1.59%	—5.72%	—8.32%

FOR THE RECORD-New contracts started trading: Sugar #8, 1/3/61; "Standard" Rubber, 2/15/61
Pork Bellies, 9/18/61; Sugar #9, 11/9/61
Contracts suspended: Sugar #4, 1/6/61; Sugar #6, 2/1/61

NOTE: Above figures are in terms of full contract units. The number of trades (buys plus sells) are twice the above figures and also should be increased by an allowance for job lo

Exchange:	1961 Contracts	1961 %	1960 Contracts	1960 %	Rank
1. Chicago Board of Trade	4,693,554	77.45	2,493,733	64.30	(1)
2. Chicago Mercantile	485,375	8.01	567,546	14.63	(2)
3. New York Mercantile	209,410	3.46	256,542	6.61	(3)
4. New York Cocoa	124,781	2.06	70,688	1.82	(6)
5. Wool Associates	98,260	1.62	46,964	1.21	(10)
6. New York Produce	87,354	1.44	53,568	1.38	(9)
7. Commodity Exchange, Inc.	74,436	1.23	103,168	2.66	(5)
8. Minneapolis Grain	73,145	1.21	57,629	1.49	(7)
9. Kansas City Bd. of Tr.	72,269	1.19	54,382	1.40	(8)
10. New York Coffee & Sugar	66,316	1.09	114,655	2.96	(4)
11. Chicago Open Bd. of Tr.	36,878	0.61	29,104	0.75	(11)
12. New York Cotton	34,950	0.58	25,060	0.65	(12)
13. Memphis Bd. of Tr.	2,047	0.03	1,837	0.05	(14)
14. Milwaukee Grain	807	0.01	785	0.02	(15)
15. New Orleans Cotton	700	0.01	2,580	0.07	(13)
TOTAL	6,060,282	100.00	3,878,151	100.00	

* *

INDIVIDUAL CONTRACTS WITH VOLUME OVER 20,000 in 1961	1961 Contracts Traded	1961 % of Total	1960 Contracts Traded	1960 % of Total	1960 Rank
1. Soybeans, Chic. B. of T.	2,409,532	39.76	1,165,464	30.05	(1)
2. Corn " " "	627,112	10.35	316,843	8.17	(4)
3. Wheat " " "	516,965	8.53	394,186	10.16	(3)
4. Soybean Oil," " "	384,630	6.35	212,118	5.47	(6)
5. Shell Eggs, Chic. Merc.	350,309	5.78	491,319	12.67	(2)
6. Soybean Meal, Chic.B.of T.	322,812	5.33	149,190	3.85	(7)
7. Oats, Chic. B. of T.	224,138	3.70	145,407	3.75	(8)
8. Maine Potatoes, N.Y.Merc.	209,348	3.45	255,559	6.59	(5)
9. Rye, Chic. B. of T.	192,395	3.17	96,189	2.48	(9)
10. Frozen Eggs, Chic. Merc.	134,616	2.22	75,739	1.95	(11)
11. Cocoa	124,781	2.06	70,688	1.82	(12)
12. Wool	95,111	1.57	39,826	1.03	(17)
13. Cottonseed Oil, N.Y. Prod.	87,237	1.44	52,894	1.36	(14)
14. Wheat, Kansas City B.of T.	72,164	1.19	52,553	1.36	(15)
15. Copper, Commodity Exch.	56,863	0.94	76,125	1.96	(10)
16. Wheat, Minneapolis	43,759	0.72	41,215	1.06	(16)
17. Sugar #7 (& old #6)	35,075	0.58	30,126	0.78	(18)
18. Cotton, New York	34,950	0.58	25,060	0.65	(19)
19. Soybeans, Chic. Open B.of T.	27,424	0.45	(19,493)		
20. Flaxseed, Minn.	25,403	0.42	(13,368)		
TOTAL (Over 20,000 each)	5,974,624	98.59%	3,748,950		

* *

Regulated commodities were 95.6%, non-regulated 4.4% of 1961 volume. The 12-1/8 million trades in futures in 1961 compares with 15-3/4 million (est.) buys & sells on the N.Y. Stock Exchange. 51 contracts traded in 1960. 35 traded over 1,000 contracts each of which 22 increased, 12 decreased (1 new) in volume in 1961 from 1960.

Large increases:	1961 over 1960
Soybeans, Chic. B. of T.	1,244,068
Corn " " "	310,269
Soybean Meal" " "	173,622
Soybean Oil " " "	172,512
Wheat " " "	122,779
Rye " " "	96,206
Oats " " "	78,731
Frozen Eggs, Chic. Merc.	58,877
Wool	55,285
Cocoa	54,093
Cottonseed Oil, N.Y. Prod.	34,343

Large decreases:	1961 under 1960
Shell Eggs, Chic. Mer.	141,010
Maine Potatoes,N.Y. Mer.	46,211
Sugar #8 (& old #4)	46,182

SIZE OF THE COMMODITIES FUTURES BUSINESS

In the past year of 1961, there were over 12-1/8 million orders executed in the commodity futures markets of the United States. (6,060,282 full contract units traded with a buyer and seller to each contract and this would be increased by an unknown number of job lots.) A look at volume for the past 40 years (through 1922), would seem to indicate that the 1961 volume is probably the highest in the past 30 years. But, last year was not an all-time record because we find that in 1925, 6,099,390 full contract units were traded in all grains in all futures markets and in 1929 grain futures were 5,062,494 full contract units.

It is interesting to compare the 12-1/8 million plus trades on the futures markets in 1961 with the 15-3/4 million public trades which are estimated for last year on the New York Stock Exchange.

The dollar value of the commodities represented by the contracts traded last year totals approximately 59-1/4 billion dollars, nearly twice the similar figure for 1960.

VALUE OF COMMODITIES TRADED, ESTIMATED BY THE CEA

	Millions of Dollars	
	1961	1960
Wheat	6,533.1	4,889.9
Corn	3,554.2	1,807.9
Oats	813.4	511.9
Rye	1,321.3	601.4
Flaxseed	94.1	43.4
Soybeans	34,245.5	12,919.6
Grain Sorghums	.7	8.3
Cotton	652.4	445.7
Wool	692.6	279.1
Wool Tops	24.8	53.1
Eggs - Shell	1,916.3	2,608.0
Frozen	1,139.0	639.9
Potatoes	262.4	477.8
Cottonseed Oil	762.8	388.5
Soybean Oil	2,587.8	1,131.1
Lard	68.0	58.1
Cottonseed meal	.6	1.7
Soybean meal	1,959.6	821.3
Total Regulated	56,628.6	27,683.7
Non-Regulated (Ass'n est)	2,606.4	2,872.3
Total all Futures	$59-1/4 billion	$30-1/2 billion

SYDNEY GREASY WOOL FUTURES EXCHANGES, LTD.

Through the courtesy of Mr. D. J. Bates, Secretary of this Exchange, we are able to give you some interesting figures on their activity. The Sydney Exchange has been operating for two years, the "Company" being formed Jan. 21, 1960. (Incidentally, we have their Bylaws and Rules in our library, if anyone wishes to refer to them.) 32,891 wool contracts were traded in 1961 for a daily average of 131½ contracts. 300 "Tenders or Physical Deliveries" were made. May and October were the months in which peak trading took place, January and November the lightest trading. At the close of the year, on Dec. 29, 1961, the total Open Positions were 3,200 contracts. The Exchange membership consists of 16 Floor Members and 113 Associate Members. During the past year, the Sydney Exchange has been aggressive in promoting the interests of futures trading among the wool growers and merchants in Australia. The Exchange sponsors your Association's correspondence course and has enrolled 36 men in the Australian wool business in this course.

Vita

Peter M. Balnaves was born in London, England on the fourteen of September, 1964. He attended King John High School where he graduated Valedictorian with nine "O" level examinations. After travelling extensively in Europe and Asia he emigrated to the United States in 1983. He attended college at Old Dominion University in Norfolk, Virginia where he graduated with a Bachelor of Science degree in Computer Engineering. After a brief stint at NASA Langley he moved to Washington, D.C. where he currently works in the Marketing and New Business Development Group of Robbins-Gioia, Inc. a private Project Management Consulting Firm.