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REMARKS OF PHILIP MCBRIDE JOHNSON
CHAIRMAN, COMMODITY FUTURES TRADING COMMISSION
BEFORE THE 1982 AGRICULTURAL OUTLOOK CONFERENCE
SESSION #35, WASHINGTON, D.C.

THE FUTURES MARKETS TODAY ARE VERY BIG BUSINESS. ELEVEN EXCHANGES IN FIVE CITIES OFFER ROUGHLY NINETY DIFFERENT TYPES OF CONTRACTS. OVERALL VOLUME IN 1980 WAS IN THE 100 MILLION CONTRACT RANGE. THE AGGREGATE DOLLAR VALUE OF THOSE CONTRACTS WAS IN THE TRILLIONS. A BETTER INDICATOR OF REAL DOLLARS INVOLVED--MARGIN DEPOSITS AND COMMISSION INCOME--WOULD BE IN THE BILLIONS. THIS BUSINESS IS GENERATED BY FEWER THAN 400 BROKERAGE FIRMS, USING ABOUT 30,000 SALESMEN. THEY SERVICE AN ESTIMATED 150,000 CUSTOMER ACCOUNTS, RANGING FROM INDIVIDUALS TO OVER 1,000 COMMODITY MUTUAL FUNDS CALLED "POOLS." SOMETIMES THE BROKERAGE HOUSES GIVE TRADING ADVICE, BUT FREQUENTLY THIS SERVICE IS PROVIDED FOR A FEE BY ROUGHLY 2,000 PROFESSIONAL TRADING ADVISORS. AND, ALL ORDERS ARE ULTIMATELY EXECUTED IN THE MARKETS BY ABOUT 4,000 FLOOR BROKERS AND ARE CLEARED AND GUARANTEED BY EACH EXCHANGE'S CLEARING ORGANIZATION.

IT IS THE RESPONSIBILITY OF THE COMMODITY FUTURES TRADING COMMISSION TO "REGULATE" ALL OF THE PEOPLE JUST MENTIONED:

THE EXCHANGES, BROKERAGE FIRMS, SALESMEN, POOLS, ADVISORS, FLOOR BROKERS AND CLEARING HOUSES. AND, IF CUSTOMERS REACH A SIZE WHERE THEY CAN INFLUENCE MARKET PRICES, THE COMMISSION REGULATES THEM AS WELL. REGULATION CONSISTS MAINLY OF THREE TOOLS: LICENSING, MARKET SURVEILLANCE, AND RULES AGAINST MANIPULATION, FRAUD AND NONCOMPETITIVE TRADING. LICENSING IS A SCREENING DEVICE IN THE FIRST INSTANCE, AND ACTS AS A CONTINUING CHECK AGAINST UNFITNESS. MARKET SURVEILLANCE IS ONGOING POLICING AGAINST PEOPLE-INSPIRED DISRUPTIONS. AND ETHICAL RULES DEFINE THE PERMISSIBLE BOUNDARIES OF BEHAVIOR. THESE ARE THE COMMISSION'S CORE FUNCTIONS.

IN ADDITION, THE COMMISSION IS RESPONSIBLE FOR STUDIES OF THE MARKETS, FOR EDUCATION, AND FOR OPERATING A UNIQUE "REPARATIONS" PROGRAM IN WHICH IT CAN AWARD DAMAGES TO INJURED MARKET PARTICIPANTS UNDER CERTAIN CIRCUMSTANCES. OVER 4,000 OF THESE REPARATIONS CASES HAVE BEEN FILED WITH THE COMMISSION, AND THEY OFTEN INVOLVE ISSUES AS COMPLEX AS ANY HANDLED BY THE FEDERAL COURT SYSTEM.

THE COMMISSION ITSELF IS A NEWCOMER TO THE FEDERAL SCENE BECAUSE IT IS ONLY 7 YEARS OLD. HOWEVER, IT IS THE SECOND GENERATION OF POLICEMEN IN THE FUTURES MARKETS. FROM 1922 UNTIL 1975, THE MARKETS WERE REGULATED BY THE DEPARTMENT OF AGRICULTURE. 1922, BY THE WAY, WAS A DOZEN YEARS BEFORE THE NATION'S STOCK EXCHANGES CAME UNDER FEDERAL REGULATION.

THE COMMISSION WAS CREATED, AT LEAST IN PART, BECAUSE FUTURES TRADING HAS EXPANDED BEYOND AGRICULTURAL PRODUCTS INTO OTHER AREAS LIKE METALS, FOREIGN CURRENCIES AND CONSTRUCTION MATERIALS. BY 1975, THE MOST ACTIVE COMMODITY WAS SILVER. SINCE 1975, FUTURES TRADING HAS BEGUN IN GOVERNMENT DEBT INSTRUMENTS, BANK PAPER, AND ENERGY PRODUCTS. TODAY, THE PREMIER COMMODITIES ARE GOLD AND U.S. TREASURY BONDS. THESE ARE NOT ITEMS WITHIN THE MAINSTREAM OF USDA'S ACTIVITIES; HENCE, THE COMMISSION'S CREATION.

BUT THERE IS A COMMON THREAD CONNECTING ALL OF THESE FUTURES CONTRACTS, NAMELY, THEY HAVE THE SAME ECONOMIC FUNCTIONS. FIRST, THEY PROVIDE USEFUL PRICE INFORMATION AS TO THE ANTICIPATED VALUE OF A COMMODITY AT A LATER DATE. A FUTURES CONTRACT, TRADING TODAY BUT NOT EXPIRING UNTIL NEXT YEAR, WILL BE PRICED BY THE MARKET AT TODAY'S BEST ESTIMATE OF WHAT THAT COMMODITY WILL BE WORTH NEXT YEAR. IT IS SIMPLY A PROJECTION, OF COURSE, AND CAN CHANGE AS NEW DEVELOPMENTS TAKE PLACE. BUT IT AIDS THE PRODUCER IN MAKING PLANTING OR PRODUCTION DECISIONS, AND IT HELPS THE MERCHANTISER IN QUOTING FOR FUTURE DEALS. IN A TRULY COMPETITIVE MARKET, THIS PRICE DISCOVERY FUNCTION IS THE BEST TOOL AVAILABLE FOR LOOKING INTO THE MURKY FUTURE.

A SECOND ECONOMIC FUNCTION OF ALL FUTURES CONTRACTS IS THEIR UTILITY AS A PRICE-SETTING MECHANISM, USUALLY CALLED "HEDGING." HERE, A BUYER OR SELLER CAN ACTUALLY LOCK IN A

PRICE FOR THE COMMODITY EVEN BEFORE A COMMERCIAL TRANSACTION IS MADE. THIS ABILITY TO PRICE A DEAL EVEN BEFORE IT IS MADE IS PERHAPS THE FUTURES MARKET'S GREATEST SERVICE.

HERE, IN SIMPLE TERMS, IS HOW HEDGING WORKS. LET US ASSUME THAT A GRAIN MERCHANT HAS CONTRACTED TO SELL WHEAT TO INDIA AT \$3 A BUSHEL, FOR SHIPMENT IN MARCH OF 1982. THE PRICE OF \$3 PER BUSHEL IS A PROFITABLE ONE BASED UPON TODAY'S COST OF WHEAT. BUT, IN ALL LIKELIHOOD, THE MERCHANT DOES NOT YET OWN THE WHEAT THAT WILL BE SHIPPED, AND WILL HAVE TO BUY IT EARLY NEXT YEAR. IF THE COST OF WHEAT RISES BETWEEN NOW AND THEN, THE MERCHANT'S PROFIT MARGIN COULD BE WIPED OUT. TO AVOID THIS RISK, THE MERCHANT CAN (AND SHOULD) BUY WHEAT FUTURES CONTRACTS NOW, AT TODAY'S PRICE. THIS "LONG" POSITION IN THE WHEAT FUTURES MARKET MEANS THAT, IF PRICES DO INCREASE BEFORE THE SHIPMENT MUST BE MADE NEXT YEAR, THOSE CONTRACTS WILL REALIZE A PROFIT DUE TO THE PRICE RISE. THEN, WHEN THE MERCHANT HAS TO PAY MORE NEXT YEAR FOR PHYSICAL WHEAT TO ASSEMBLE THE SHIPMENT, THE PROFIT FROM THE FUTURES CONTRACTS WILL OFFSET PART OR ALL OF THAT ADDED COST. ASSUMING THAT THE FUTURES PRICE OF WHEAT AND THE CASH PRICE PARALLEL EACH OTHER, THE OVERALL TRANSACTION WOULD LOOK LIKE THIS:

NOVEMBER 1981: SALE TO INDIA FOR SHIPMENT IN MARCH
1982 AGREED TO AT \$3 PER BUSHEL

CURRENT CASH PRICE = \$2.90

PROFIT = 10 CENTS

"LONG" FUTURES ACQUIRED AT \$2.90

MARCH 1982: PHYSICAL WHEAT BOUGHT AT \$3.20 PER BUSHEL

ADDED PHYSICAL COST	=	30 CENTS
CURRENT FUTURES PRICE	=	\$3.20
PROFIT ON FUTURES	=	30 CENTS
NET COST OF PHYSICALS	=	\$2.90
PROFIT	=	10 CENTS

FUTURES CONTRACTS CAN ALSO BE USED TO PROTECT AGAINST PRICE DECLINES. LET US RETURN TO OUR GRAIN MERCHANT BUT MAKE DIFFERENT ASSUMPTIONS. SUPPOSE THAT THE GRAIN MERCHANT ALREADY OWNS WHEAT BUT HAS NOT YET MADE HIS SALE TO INDIA. THE MERCHANT'S RISK AS OWNER OF THE WHEAT IS THAT ITS VALUE WILL DECLINE, PERHAPS BELOW HIS COST OF BUYING IT, AND THAT HE WILL EVENTUALLY HAVE TO SELL THE WHEAT AT A LOSS. HE CAN (AND SHOULD) SELL WHEAT FUTURES CONTRACTS SINCE "SHORT" FUTURES CONTRACTS WILL REALIZE A PROFIT IF PRICES DECLINE. ASSUMING THAT THE FUTURES PRICE OF WHEAT AND THE CASH PRICE PARALLEL EACH OTHER, THE OVERALL TRANSACTION WOULD BE:

NOVEMBER 1981: BOUGHT PHYSICAL WHEAT AT \$2.90 PER BUSHEL

"SHORT" FUTURES ACQUIRED AT \$2.90

MARCH 1982: SOLD WHEAT TO INDIA AT \$2.50 PER BUSHEL

LOSS ON SALE	=	40 CENTS
CURRENT FUTURES PRICE	=	\$2.50
PROFIT ON FUTURES	=	40 CENTS
PROFIT/LOSS	=	0 CENTS

I HAVE USED AGRICULTURAL COMMODITIES IN THESE EXAMPLES, BUT THE RESULT WOULD BE THE SAME FOR ANY COMMODITY. EASTMAN KODAK, FOR INSTANCE, COULD PROTECT AGAINST RISING SILVER PRICES IN THE SAME WAY THAT THE GRAIN MERCHANT HEDGED AGAINST AN INCREASE IN WHEAT PRICES. OR, CITIBANK COULD USE TREASURY BILL FUTURES TO PROTECT ITSELF AGAINST FALLING INTEREST RATES JUST AS THE GRAIN MERCHANT HEDGED AGAINST A COLLAPSE IN WHEAT PRICES. THE AIM, IN ALL OF THESE TRANSACTIONS, IS TO OWN FUTURES THAT WILL REGISTER PROFITS WHEN COMMERCIAL TRANSACTIONS ARE PRODUCING LOSSES. FUTURES "HEDGING," IN EFFECT, IS LIKE BUYING PRICE INSURANCE.

IT IS BECAUSE ALL FUTURES CONTRACTS PROVIDE THE SAME ECONOMIC SERVICES THAT THEY ARE ALL UNDER THE REGULATION OF ONE AGENCY, THE CFTC. REGARDLESS OF THE UNDERLYING COMMODITY, OR WHO USES IT, FUTURES CONTRACTS ARE ESSENTIALLY THE SAME. THIS IS TRUE IN ECONOMICS AND IN THE PRACTICAL WORLD AS WELL. BANKS, CONSTRUCTION FIRMS, ENERGY PRODUCTS DISTRIBUTORS AND METALS REFINERS HAVE ALL BEEN TAUGHT HOW TO USE THE FUTURES MARKETS BY EXCHANGES AND TRADERS WHO, FOR 100 YEARS, KNEW ONLY AGRICULTURAL COMMODITIES. AND IT IS COMMONPLACE FOR PROFESSIONAL TRADERS TO MOVE WITH AGILITY BETWEEN THE CORN PIT AND THE PITS WHERE PLYWOOD, PALLADIUM AND PESOS ARE TRADED.

EVEN SO, IT IS SOMETIMES ARGUED THAT THE REGULATORY RUBRIC FOR FUTURES TRADING SHOULD DIFFER, DEPENDING UPON WHAT COMMODITY IS TRADED. CONGRESS HAS NEVER ENDORSED

THIS THEORY, BUT IT SURFACES TIME AND TIME AGAIN. THE COMMISSION BELIEVES THAT AN OBSESSION WITH THE NATURE OF THE UNDERLYING COMMODITY WOULD CAUSE UTTER CHAOS, WITHOUT ADDING ANY REAL PROTECTION. WHO WOULD REGULATE PESO FUTURES TRADING: THE MEXICAN GOVERNMENT, THE WORLD BANK, OR THE STATE DEPARTMENT? WHO WOULD REGULATE FUTURES CONTRACTS IN GNMA CERTIFICATES: THE GOVERNMENT NATIONAL MORTGAGE ASSOCIATION THAT ISSUES THE INSTRUMENTS; THE TREASURY DEPARTMENT THAT GUARANTEES THEM; THE FHA THAT INSURES THE UNDERLYING MORTGAGES; THE STATE AUTHORITIES REGULATING S&L'S THAT MAKE THE MORTGAGE LOANS? NO, REGULATION CANNOT BE CONDUCTED SENSIBLY ON A PRODUCT-LINE BASIS. INSTEAD, IT MUST BE TAILORED TO WHAT FUTURES CONTRACTS IN GENERAL ARE, AND WHAT THEY ALL HAVE IN COMMON--PRICE-DISCOVERY AND HEDGING SERVICES. IT WOULD MAKE NO MORE SENSE TO HAVE DIFFERENT REGULATORS FOR DIFFERENT COMMODITIES THAN IT WOULD TO CREATE SEPARATE REGULATORS FOR INSURANCE COMPANIES DEPENDING UPON WHETHER THEY INSURE HOMES, FACTORIES, SHIPPING OR AIR TRANSPORTATION. INSURANCE, AFTER ALL, IS INSURANCE, AND FUTURES ARE SIMPLY FUTURES.

ANOTHER REASON FOR CENTRALIZED REGULATION WAS BROUGHT HOME TO ME VIVIDLY IN AUGUST, WHEN I MET WITH A GROUP OF WHEAT PRODUCERS AND CATTLE FEEDERS IN CENTRAL KANSAS. I WENT THERE, FULLY EXPECTING THAT INTEREST WOULD CENTER ON DEPRESSED WHEAT PRICES. KANSAS HAS BEEN DOUBLY CURSED THIS YEAR WITH LOW PRODUCTION WHILE RECORD CROPS NATIONWIDE

HAVE OCCURRED. BUT THE DISCUSSION FOCUSED ALMOST ENTIRELY ON HIGH INTEREST RATES. I SPENT FAR MORE TIME EXPLAINING FINANCIAL FUTURES--AND INTEREST RATE HEDGING--THAN CONDITIONS IN THE WHEAT MARKET. I RETURNED TO WASHINGTON WITH A BETTER APPRECIATION THAN EVER OF FUTURES TRADING AS AN INTERRELATED AND INTERDEPENDENT FAMILY OF INSTRUMENTS.

IN SEPTEMBER, THE COMMISSION ADOPTED A NEW PACKAGE OF REGULATIONS AUTHORIZING LICENSED COMMODITY EXCHANGES TO OFFER A NEW PRODUCT--OPTION--ON EXISTING, ACTIVE FUTURES CONTRACTS. THE REGULATORY ENVIRONMENT WILL BE CLOSELY CONTROLLED, TO IMPEDE THE UNSCRUPULOUS SALES PRACTICES THAT HAUNTED UNREGULATED OPTIONS IN PAST ERAS. AN OPTION CREATES MERELY THE OPPORTUNITY TO BUY OR SELL, AND IS A RIGHT THAT CAN EITHER BE EXERCISED OR ABANDONED. A PREMIUM IS PAID FOR THAT RIGHT. IF THE OPTION DOES NOT BECOME PROFITABLE DURING ITS LIFE, THE HOLDER NEED ONLY LET IT EXPIRE AND HIS COST IS THEN LIMITED TO THE PREMIUM ALREADY PAID.

SINCE THE HOLDER OF AN OPTION HAS LIMITED LIABILITY, THAT IS, HE CAN LOSE ONLY THE PREMIUM, OPTIONS CAN SOMETIMES BE A MORE ATTRACTIVE HEDGING VEHICLE THAN FUTURES CONTRACTS. THE LATTER PLACES THE OWNER AT RISK FOR THE FULL AMOUNT OF ANY ADVERSE PRICE CHANGE THAT OCCURS WHILE THE FUTURES CONTRACT IS HELD. FOR INSTANCE, IN THE EARLY 1970'S SOYBEAN FUTURES CONTRACTS ROSE QUICKLY FROM THE \$3 PER BUSHEL RANGE TO NEARLY \$13. THIS WAS GOOD NEWS, INDEED, FOR THOSE WITH SOYBEAN INVENTORIES, UNLESS THEY HELD "SHORT" FUTURES CONTRACTS. INCREASES IN PRICES CAUSE LOSSES IN "SHORT" FUTURES. THUS,

A SOYBEAN MERCHANT WHO HAD ACQUIRED "SHORT" FUTURES CONTRACTS AT \$3 A BUSHEL SUFFERED SUCCESSIVE LOSSES AS PRICES ROSE TO AROUND \$13, WIPING OUT THE UNEXPECTED INVENTORY PROFITS.

BUT, IF THE SAME MERCHANT HAD ACQUIRED "SHORT" SOYBEAN OPTIONS--CALLED "PUTS"--HE MIGHT HAVE FARED MUCH BETTER. HE WOULD HAVE PAID A PREMIUM OF, SAY, \$1 PER BUSHEL FOR THE OPTIONS. AS PRICES CLIMBED TO ROUGHLY \$13 A BUSHEL, THE MERCHANT WOULD SIMPLY HAVE ABANDONED HIS OPTIONS AND, EXCEPT FOR THE COST OF THE PREMIUM, COULD HAVE ENJOYED MOST OF THE UNEXPECTED PROFIT IN HIS INVENTORY.

OPTIONS ON SOYBEANS AND MOST OTHER AGRICULTURAL COMMODITIES ARE PROHIBITED BY A LAW ENACTED IN 1936. THE BAN WAS IMPOSED AFTER SCANDALS OCCURRED IN OVERNIGHT AND OTHER SHORT-TERM "INDEMNITIES" THAT WERE POPULAR IN THAT ERA, AND THAT WERE A FAR CRY FROM THE TYPE OF OPTIONS NOW SANCTIONED BY THE COMMISSION. EVEN SO, THE BAN REMAINS AND THE NEW REGULATIONS DO NOT ALLOW OPTIONS ON MOST FARM PRODUCTS. RECENTLY, BOTH AGRICULTURE COMMITTEES OF THE CONGRESS HAVE QUESTIONED THE COMMISSION ABOUT THE NEED TO MAINTAIN THE BAN. WE HAVE ADVISED THOSE COMMITTEES THAT THE SUBJECT IS WORTH FURTHER STUDY AND THAT, IF REGULATORY SAFEGUARDS ARE PUT IN PLACE, OPTIONS ON AGRICULTURAL COMMODITIES MIGHT SERVE LEGITIMATE HEDGING NEEDS. AND, OVER TIME, OPTIONS MIGHT ALSO PROVIDE A PRIVATE SOURCE OF PRICE PROTECTION THAT IS NOW ENCOMPASSED WITHIN CERTAIN FEDERAL FARM PROGRAMS.

ANOTHER INGREDIENT OF THE FUTURES MARKETS IS SPECULATION. HISTORICALLY, SPECULATORS HAVE BEEN ALLOWED--"TOLERATED" MAY BE A BETTER WORD--IN THE FUTURES MARKETS BECAUSE THEY ARE THE RISK-TAKERS WHO, IN EFFECT, SELL PRICE PROTECTION TO HEDGERS. TYPICALLY, THEY ARE THE LARGEST SINGLE GROUP IN ANY FUTURES MARKET, TRADING AMONG THEMSELVES WHEN HEDGERS ARE NOT PRESENT, AND TRADING WITH HEDGERS AS THEY ENTER AND EXIT THE MARKET. THEIR NUMBERS CANNOT BE LIMITED EFFECTIVELY TO A CERTAIN LEVEL OR PERCENTAGE OF ALL TRADING SINCE THERE IS NO PRACTICAL WAY TO KNOW WHEN, OR HOW MUCH, HEDGING WILL BE DONE. AND, WHEN HEDGING IS LIGHT, THERE REMAINS A NEED FOR PRICE DISCOVERY THAT SPECULATORS PROVIDE ON A CONTINUOUS BASIS.

EVEN SO, SPECULATORS ARE THE TARGET OF HEALTHY SUSPICION. FOR THAT REASON, THE COMMISSION MONITORS THEIR ACTIVITIES WITH SPECIAL CARE, ESPECIALLY TO ASSURE THAT SPECULATORS DO NOT GARNER SUFFICIENT MARKET POWER TO CREATE ARTIFICIAL PRICES. THIS IS NOT TO SAY THAT COMMERCIAL USERS OF THE MARKETS ARE EXEMPT FROM THIS TEMPTATION. INDEED, A NUMBER OF MANIPULATION CASES HAVE BEEN BROUGHT AGAINST THEM. NEVERTHELESS, THERE EXISTS A FEELING THAT SPECULATORS MAY NOT HAVE THE LOYALTY TO AND DEPENDENCE UPON THE MARKETS THAT COMMERCIALS DO, YEAR IN AND YEAR OUT, AND MAY BE MORE INCLINED TO MAKE A QUICK KILLING IRRESPECTIVE OF THE MARKET CONSEQUENCES.

FOR MANY YEARS, MOST AGRICULTURAL FUTURES CONTRACTS HAVE BEEN SUBJECT TO SPECULATIVE POSITION LIMITS THAT CONTROL

THE AGGREGATE AMOUNT OF FUTURES THAT ANY PARTICULAR SPECULATOR OR CONSORTIUM OF SPECULATORS CAN HOLD. MANY OTHER FUTURES CONTRACTS, HOWEVER, HAD NO SUCH LIMITS. THIS WAS REMEDIED IN SEPTEMBER, WHEN THE COMMISSION ORDERED THAT ALL EXCHANGES MUST SET SUITABLE SPECULATIVE POSITION LIMITS FOR ALL OTHER FUTURES CONTRACTS. WE EXPECT THAT THESE NEW LIMITS WILL BE ESTABLISHED IN A REASONABLE WAY, HIGH ENOUGH TO PERMIT VIGOROUS COMPETITION BUT LOW ENOUGH TO PRECLUDE MARKET DOMINATION.

IN CONCLUSION, I MUST OBSERVE WITH SOME FOREBODING THAT AGRICULTURE'S PLACE IN THE FUTURES WORLD HAS BEEN DECLINING STATISTICALLY FOR SEVERAL YEARS, AS NEW CONTRACTS ARE CREATED TO SERVE OTHER INDUSTRIES. TODAY, FARM FUTURES ACCOUNT FOR LESS THAN 50% OF ALL TRADING VOLUME. AND, OF THE 40-PLUS NEW CONTRACTS NOW BEFORE THE COMMISSION FOR INITIAL APPROVAL, ONLY 3 ARE IN AGRICULTURAL PRODUCTS. FEAR NOT, HOWEVER, SINCE THE COMMISSION IS DEDICATED TO ITS AGRICULTURAL ROOTS AND WILL REMAIN SO AS LONG AS THIS CHAIRMAN IS IN OFFICE. BUT VIGILANCE WILL BE REQUIRED TO ASSURE IN THE FUTURE AN EFFECTIVE VOICE FOR AGRICULTURE IN THE BOARDROOMS OF THE NATION'S COMMODITY EXCHANGES. IF THERE IS ANY WAY THAT WE CAN HELP, WE WILL.

VOLUME HIGHLIGHTS

1980 and Comparison with 1979

Rank	EXCHANGE	<u>1980</u>		<u>1979</u>		Rank
		Contracts	%	Contracts	%	
1.	Chicago Board of Trade	45,281,571	49.18	33,870,680	44.59	(1)
2.	Chicago Mercantile Exchange	22,261,295	24.17	19,930,798	26.24	(2)
3.	Commodity Exchange, Inc.	11,009,389	11.95	12,952,353	17.05	(3)
4.	Coffee, Sugar & Cocoa Exchange	4,886,416	5.31	2,510,179	3.30	(5)
5.	MidAmerica Commodity Exchange	2,993,636	3.25	2,568,950	3.38	(4)
6.	New York Cotton Exchange	2,653,294	2.88	1,875,126	2.47	(6)
7.	Kansas City Board of Trade	1,298,047	1.41	1,037,018	1.37	(7)
8.	New York Mercantile Exchange	1,154,905	1.25	828,249	1.09	(8)
9.	Minneapolis Grain Exchange	360,978	.39	328,799	.43	(9)
10.	New York Futures Exchange	183,993	.20	-----	----	----
11.	American Commodity Exchange	12,585	.01	64,319	.08	(10)
	TOTAL	92,096,109	100.00	75,966,471	100.00	

	COMMODITY GROUP	<u>1980</u>		<u>1979</u>		Rank
		Contracts	%	Contracts	%	
1.	Grain	20,349,023	22.1	14,534,603	19.1	(3)
2.	Soybean Complex	19,207,489	20.9	15,808,411	20.8	(2)
3.	Precious Metals	13,171,816	14.3	18,163,696	24.0	(1)
4.	Financial Instruments	12,469,878	13.5	5,607,005	7.4	(5)
5.	Livestock & Products and Poultry	11,639,519	12.6	11,902,203	15.7	(4)
6.	Imported Agric. Commodities <u>1/</u>	4,886,416	5.3	2,510,179	3.3	(6)
7.	Foreign Currency	4,222,820	4.6	2,222,978	2.9	(8)
8.	Other Agric. Commodities <u>2/</u>	3,052,307	3.3	2,081,287	2.7	(9)
9.	Non-Precious Metals	1,848,108	2.0	2,301,108	3.0	(7)
10.	Lumber Products	1,010,424	1.1	801,107	1.1	(10)
11.	Petroleum Products	238,309	0.3	33,894	---	(11)
	TOTAL	92,096,109	100.00	75,966,471	100.00	

1/ Excludes Imported Beef

2/ Cotton, Orange Juice, Potatoes & Eggs



FUTURES INDUSTRY ASSOCIATION

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VOLUME HIGHLIGHTS

1980 and Comparison with 1979

Rank	Contracts With Volume Over 100,000	1980		1979		Rank
		Contracts	%	Contracts	%	
1.	Corn, CBoT	11,946,975	12.97	8,671,719	11.42	(2)
2.	Soybeans, CBoT	11,768,197	12.78	9,114,348	12.00	(1)
3.	Gold, COMEX	8,001,410	8.69	6,541,893	8.61	(4)
4.	T-Bonds, CBoT	6,489,555	7.05	2,059,594	2.71	(12)
5.	Live Cattle, CME	5,997,047	6.51	7,214,848	9.50	(3)
6.	Wheat, CBoT	5,428,160	5.89	3,575,395	4.71	(6)
7.	Sugar, CSC	3,576,662	3.88	1,792,723	2.36	(15)
8.	T-Bills(90-day)CME	3,338,773	3.63	1,930,482	2.54	(13)
9.	Soybean Meal, CBoT	3,218,690	3.49	2,647,821	3.49	(10)
10.	Soybean Oil, CBoT	3,167,895	3.44	3,081,646	4.06	(8)
11.	Gold, CME	2,543,419	2.76	3,558,960	4.68	(7)
12.	Cotton #2, NYCE	2,490,405	2.70	1,689,051	2.22	(16)
13.	GNMA Mrtges, CDR,CBoT	2,325,892	2.53	1,371,078	1.80	(18)
14.	Pork Bellies, Fzn, CME	2,250,945	2.44	1,514,176	1.99	(17)
5.	Live Hogs, CME	2,153,767	2.34	1,805,710	2.38	(14)
6.	Copper, COMEX	1,848,080	2.01	2,301,033	3.03	(11)
17.	Wheat, KCBOT	1,297,757	1.41	1,037,018	1.37	(19)
18.	British Pound, CME	1,263,750	1.37	513,682	.68	(24)
19.	Silver, COMEX	1,058,734	1.15	4,080,619	5.37	(5)
20.	Soybeans, MIDAM	1,052,707	1.14	964,596	1.27	(21)
21.	Deutschemark, CME	922,608	1.00	450,856	.59	(26)
22.	Coffee "C", CSC	906,944	.98	449,799	.59	(27)
23.	Feeder Cattle, CME	874,313	.95	980,619	1.29	(20)
24.	Lumber, CME	838,676	.91	649,478	.85	(22)
25.	Swiss Franc, CME	827,884	.90	493,944	.65	(25)
26.	Canadian Dollar, CME	601,925	.65	399,885	.53	(28)
27.	Japanese Yen, CME	575,073	.62	329,645	.43	(31)
28.	Wheat, MIDAM	550,950	.60	379,975	.50	(29)
29.	Gold, MIDAM	447,494	.49	200,359	.26	(37)
30.	Corn, MIDAM	440,615	.49	323,808	.43	(33)
31.	Platinum, NYME	429,708	.47	536,124	.71	(23)
32.	Potatoes, NYME	393,759	.43	183,868	.24	(39)
33.	Cocoa,CSC	388,971	.42	232,183	.31	(34)
34.	Silver, CBoT	341,033	.37	2,720,589	3.58	(9)
35.	Wheat, MGE	333,610	.36	328,799	.43	(32)
36.	Oats, CBoT	320,934	.35	215,928	.28	(35)
37.	No. 2 Heating Oil, NYME	238,284	.26	33,804	-	-
38.	Silver, MIDAM	209,494	.23	361,576	.48	(30)
39.	Live Cattle, MIDAM	186,831	.20	208,997	.28	(36)
40.	Plywood, CBoT	169,550	.18	146,570	.19	(40)
1.	Orange Juice, NYCE	162,864	.18	186,018	.24	(38)
.	T-Bonds, NYFE	139,410	.15	-	-	-
3.	Live Hogs, MIDAM	103,181	.11	127,674	.17	(41)
Contracts with Volume Under 100,000 Contracts		473,178	.52	559,581	.78	
TOTAL		92,096,109	100.00	75,966,471	100.00	-701-