

DECEMBER 1977

CME egg pricing and marketing study committee organized

Progress toward improving the egg futures contract and the determining and reporting of prices in the cash egg market was made during a one-day meeting held recently in Chicago, according to Leo Melamed, board chairman of the Chicago Mercantile Exchange, which hosted the session.

"When we sent out invitations to



Leo Melamed



Phillip Alampi

all segments of the egg industry and allied agencies," Melamed said, "we were hopeful that such a get-together would improve communications and understanding among all those concerned.

"Thanks to the frankness, sincerity, and interest of the approximately 90 men in attendance, I believe we met that objective," he said.

An immediate result of the session was the appointment of a seven-man ad hoc Chicago Mercantile Exchange egg pricing and marketing study Committee charged with attempting to bring both specifications and cash pricing programs into line with recent changes in the industry.

Composing the new ad hoc committee are the following four industry representatives: Herbert Becherman, Smelkinson Bros. Corp.; Ralph Crooks, Poultry Producers Assn.; Jerry Faulkner, United Egg Producers; and Harry E. Trembath, Pacific Growers, Inc. — plus the following CME representatives; Marlowe King, John L. Means, and Robert J. O'Brien.

This group, Melamed said, will work with the National Egg Pricing System Study Committee, the Chicago Mercantile Exchange, representatives of industry groups, and the Commodity Exchange Authority, to update present programs and systems.

"The real purpose of the recent meeting," Melamed said, "was to examine suggestions and alternatives of all the spokesmen present, so they could return to their respective organizations armed with the thinking of all other elements. In this, I believe we succeeded."

Phillip Alampi, chairman, National Egg Pricing System Study Committee, called for "evolution rather than revolution" in bringing the pricing system in line with structural changes in the industry.

Industry participants introduced the idea of a regional carlot cash call, to be established by the Chicago Mercantile Exchange, to provide information on cash transactions in various areas of the nation. This concept was supported by a substantial number of egg industry representatives at the meeting.

Several other major suggestions were advanced. Among them were proposals for minor change in the present CME egg futures contract specifications to make them more compatible with industry practices.

These included the possibility of requiring that eggs be shell treated, changes in the freight allowances, changing the size of the contract and quality and margin requirements. The consensus was that trading should continue with contracts for every month of the year.

Establishment of a futures contract for gradeable nest-run eggs was another major alternative put forth by industry representatives.