

Portrait of a Speculator

Commodities Trading Called Last Frontier

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CHICAGO—Leo Melamed is a speculator.

He started to be a lawyer. But after finishing his studies, he discovered commodity futures and the Chicago Mercantile Exchange and got hooked.

So he took his father down to the exchange and showed him what the exchange officials keep

calling "an orderly market"—they keep saying it, because to the outsider it looks about as orderly as bedlam.

Leo Melamed took his father to see the Mercantile Exchange in action, because he wanted to become a professional trader and he needed some money to start with.

Well, futures trading's gain must have been the law's loss. Because the young man persuaded his father to give him the start.

MOST LIKELY young Melamed would have made a successful lawyer, because he is quick and sharp of mind—and this has made him today one of the successful big traders on the Chicago Mercantile Exchange.

He is also articulate, which makes him an ideal spokesman for the exchange in his capacity as its chairman of the board. And speak he does, with a love for his trade of speculation that makes him sound at times like a poet in love. Listen:

"Commodities and futures trading of commodities represent, today, perhaps one of the last adventuresome frontiers on our terra firma.

"**A FRONTIER**, where the frontiersman still must rely solely on his own ingenuity and common sense; "where he must still be truly brave and willing to meet a formidable personal challenge;

"where the challenge still its and demands a good amount of intelligence, fortitude, character and adventuresome spirit, and

"where the reward still justifies the dangers involved."

Standing short of stature, but darkly handsome, Leo Melamed can sing the praises of speculating in commodity futures and sound not silly but poetic. Listen:

"**THERE MAY BE** many who will disagree, but it is my view that commodity futures trading is one of the last significant fields remaining where someone can still pyramid a sizeable fortune from a modest investment.

"For this reason, it is little wonder that so many try and so many fail. It is little wonder that the challenge is formidable and fraught with danger. It is little wonder that those who fail blame the challenge rather than their own inadequacies and those who succeed become obsessed with this adventure."

WHAT IT TAKES to succeed, in Melamed's analysis, is "honest concentration, an adjusted personality without major hang-ups, a mature temperament, and character. Of course, it also requires some capital . . ."

But the need for luck, Melamed contends, is minimal. Not that it hurts, but it's not the primary factor. Far more important, he says, is an ability to put mind over matter, to admit error in the face of defeat, to have the courage to quickly liquidate your losing position to minimize the loss, to have the temperament to allow profits to pyramid no matter how impressive their sums.

"In futures trading," Melamed says, "your personality and emotions are stripped of normal and customary buffers which comfort and aid individuals in ordinary stresses of life. Additionally, emotional problems are enormously magnified because you are dealing directly with money—your money."

BUT GIVEN the personality, he says one can learn to dissociate emotions from trading patterns and learn to believe that "commodities, in their final analysis, are determined by the simple rules of supply and demand."

"**A GAMBLER'S** attitude towards money, which is more or less disrespectful, does not lend itself toward the rigid and disciplined rules required in good commodity trading," according to Leo Melamed.

"Successful commodity trading," he says, "is not a game of chance, it is an investment which must follow business procedures and be guarded by established investment principles and guidelines."

BUT ABOVE ALL, says Leo Melamed, "The overriding maxim" is "Be a lover—not a fighter." He explains:

"You, the trader, love the market — which simply means that the market is always right and your only desire is to follow its direction.

"If it's in an up-trand, then you should generally be bullish, or else stay out. Don't be a fighter and close your eyes with righteous indignation.

"This applies in many things, but it applies in commodities the most. In the long run, only the lovers make the money."

Leo Melamed, speculator, has obviously loved his market.