

## Chicago Mercantile Exchange To Seek Larger Facilities

CHICAGO—Members of the Chicago Mercantile Exchange voted to seek larger quarters for the 50-year-old exchange.

Leo Melamed, exchange chairman, said trading facilities at 110 North Franklin St. in Chicago, will be "adequate for the next two or three years." But he added that trading so far this year is double that of 1968 and "it is clear that larger facilities are needed."

In a remodeling program completed recently, the exchange expanded its trading floor space and other facilities by about 40%.

Of 350 votes cast in a referendum yesterday, 320 members voted in favor of seeking potential new sites for the exchange's trading floor and administrative facilities. Perkins & Wills, an architectural concern, has been retained as counsel, designer and architect for the proposed new trading floor.

Conceivably, the exchange may stay at its present location. A spokesman said, "If we cannot conclude a favorable agreement, the alternative would be to add to our present quarters in some way. However, we are optimistic that something will be worked out."

The exchange conducts futures trading in frozen pork bellies, live cattle and hogs, shell and frozen eggs, Idaho russet potatoes and turkeys.

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## Wanted: More Speculators

CHICAGO — Just about anyone connected with the production or use of a commodity in which a futures market exists ought to take a close look at hedging.

Through a futures contract, it's quite possible to flatten out wild swings in prices that have been the bugaboo of such fields as lumber and plywood.

Once anyone who physically makes use of the commodity can determine what is needed for him to make a profit out there in the future, he can get into the futures market. If prices go up or down, he's protected.

It's safe and conservative, officials of the Chicago Mercantile Exchange told members of the financial press here this week.

There's another side of the commodities market, though, that's just a bit more exacting. Speculating. You could hardly call that side of commodities trading as "safe." Exciting, yes.

Potentially profitable, yes. But risky, too.

Take it from none other than Leo Melamed, chairman of the Exchange's board. Melamed and other Exchange officials agreed that more — and better — speculators are needed as the Exchange and commodity trading in general attracts more interest. Said Melamed:

"Commodities and futures trading of commodities represent, today, perhaps one of the last adventuresome frontiers on our terra firma. It is my view that commodity futures trading is one of the last significant fields remaining where someone can still pyramid a sizable fortune from a modest investment."

That's an attractive enough proposition, isn't it. Yet, cautions the enthusiast:

"For this reason (the money-making possibilities),

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."

The speculator faces a huge downside risk, too.

In Melamed's view, the personality of the speculator has almost everything to do with success or failure. He minimizes luck:

"If the truth be known, futures and commodity trading is one of the few areas where the element of luck is minimal. Oh sure, it never hurts and can play an important role at times. But speaking of this field in general, luck is not a primary factor.

"Actually, success in futures is determined in the final analysis by mind over matter. It is the personal challenge of one's own ability to decipher the facts and logically conclude the ultimate or intermediate price of the given product."

Note carefully here, he's not talking about the producer or user who hedges. Speculators are needed too, those who are willing to learn so much about the supply and demand for a given commodity out there in the future that they'll take the risks to make the profits. But, cautions Melamed, it isn't for the weak of heart:

"Can you admit error in the face of defeat? Can your personality allow for unprejudiced interpretation of facts after you have entered the market? Will you have the strength to remain in the market although at a loss, when you are certain that your calculations are correct, and at another time will you have the courage to quickly liquidate your losing position to minimize the loss and yet know the difference?"

The answers, of course, hold the clues to success or failure.