

LEO MELAMED, special counsel to the Chicago Mercantile Exchange, was in London last week to open the United Kingdom representative office of the CME's sister body, the International Monetary Market, where currency futures can be traded.

He took the opportunity to recall how, after the IMM was first launched in Chicago, on June 23 1972 he earned an uncanny reputation for keeping his ear to the ground.

Melamed was lunching at the Bank of England, explaining how the market worked and why Chicago economist Milton Friedman was its most outspoken supporter.

The Bank officials asked him what he would do in their place, faced by the world currency turmoil at that time prevailing.

"Oh, I'd float the pound," was Melamed's jocular reply. It was greeted not by polite titters, but stony silence.

That evening, sterling was taken off its fixed dollar parity.

THE SUNDAY TIMES, JANUARY 13 1980

MONEY AND INVESTMENT

Mark Ellidge



Dicing with the future in francs or frozen pork

COURTESY of Leo Melamed (above) and arch monetarist Milton Friedman, you too can join the ranks of international speculators in dollars, francs, sterling or gold. That is, if your nerves and your bank balance can stand the strain. If your tastes run to the more esoteric, say frozen pork bellies, live cattle, lumber or even live hog

futures, Melamed and his colleagues at the Chicago Mercantile Exchange can probably arrange that too.

Melamed was in the City last week for the opening of the first overseas office of the International Monetary Market (an offshoot of the CME) which he helped to set up back in 1972. The IMM was apparently a brainchild of Friedman's who

after the Bretton Woods fixed parity system was laid to rest in 1971, spotted the chance to extend the technique of futures trading, well developed for agricultural produce over the past 100 years, to currencies.

Since 1972, the IMM has boomed. Last year volume turnover in the eight currency contracts traded averaged \$605m daily.