

Mercantile opens money trade

Response enthusiastic to foreign currencies

By Dan Miller

Trade in foreign-currency futures opened in Chicago Tuesday to enthusiastic trading response.

Leo Melamed, chairman of the International Monetary Market, a unit of the Chicago Mercantile Exchange, said, "The level of interest is much more than we expected."

The exchange is designed to attract international corporations who want to hedge themselves against adverse foreign-currency fluctuations and individual speculators.

Other foreign-exchange operations generally have been designed to serve one of the two groups, but not both.

The German mark was the third currency to open, but unofficial estimates indicate the currency was the volume leader.

July delivery contracts for marks opened at 31.474 cents. Contracts for later delivery ranged up to 31.829 cents for July, 1973.

The mark was trading in most worldwide foreign-exchange markets Tuesday at 31.45 cents.

The British pound, the first currency to trade, opened for July delivery at \$2.6114, slightly lower than the \$2.6120 quoted on foreign-exchange markets. August delivery for the pound on the IMM was quoted at \$2.6195.

The Canadian dollar recorded a July opening at \$1.00750 compared with a foreign-exchange rate of \$1.01. September delivery was \$1.00725 and December delivery \$1.00630.

Trading was relatively slow in the other currencies.

July delivery quotes were: Italian lira, .17190 cents (compared with .1725 on foreign exchanges); Japanese yen, .3262 cents (compared with .33); Mexican peso, 8 cents (compared with 8.91) and Swiss franc, 25.366 cents compared with 25.9 cents.

Gold hits record in London

Daily News Wire Services

LONDON — The free-market price of gold hit another record Tuesday, rising above \$55 an ounce in the key London market.

At the close in London, gold was trading in the \$55 to \$55.50 range.

Gold had closed in London at \$53.45 on Monday.

The price of gold has been active for the last several weeks. It crossed the \$50 mark in free-market trading for the first time on May 1.

Gold prices also were up in Paris, Frankfurt and Zurich.

Dealers reported strong demand in an active market.

But they could not pin the rise to any particular international development.

But regardless of how widely currencies will fluctuate in the future, corporations can buy a contract on the new exchange now for future delivery of a foreign currency at a specific price on a specific date.

In addition to the "safety" factor, IMM officials also believe the exchange will succeed because it will operate on the Mercantile's trading floor, where traders and electronic equipment already exist to facilitate trading.

ALL TRADING is in U.S. dollars with futures buyers required to put up only about 2 per cent of the contract value as margin.

For instance, an IMM contract for \$50,000 of Japanese yen requires a margin payment of \$2,000. A British pound contract for \$130,000 has a margin requirement of \$2,300.



A crowd fills the trading floor of the Chicago Mercantile Exchange Tuesday as trading opened on the new International Monetary Market. The first contracts sold were in the British Pound. (Daily News Photo/Bill DeLuga)

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