

Globex starts heating up

Melamed departs as volume begins to increase

By PETER J. W. ELSTROM

At the annual conference for the futures industry in Boca Raton, Fla., last month, Globex Corp. finally began to realize its promise.

After years of delay, the after-hours electronic trading system for futures and options had started operating nine months earlier. The addition of Marche a Terme International de France (Matif), the French futures exchange, in March jump-started the system's sluggish trading activity.

And the first Globex terminals were installed in the Far East, making the trading system truly worldwide.

It was in Boca Raton that Leo Melamed, the former head of the Chicago Mercantile Exchange who had zealously pushed development of Globex over the past six years, decided to step down as the system's chairman.

"In my view, it's mission accomplished," said Mr. Melamed, who will leave Globex at the end of May.

Mr. Melamed said he will focus his energy on building his Chicago-based futures brokerage firm, Dellsher Investment Co.

The chairmanship of Globex—developed and owned by the Merc, the Chicago Board of Trade (CBT) and London's Reuters Holdings plc—now probably will alternate between the chairmen of the two Chicago futures exchanges.

The agreement among the system's three owners calls for the chairman of the Merc, currently Jack Sandner, to head Globex for the first two years following Mr. Melamed's resignation. Then, the chairmen of the two exchanges will alternate one-year terms, beginning with the CBT chairman, now Patrick Arbor.

The chairmen, who draw salaries from their respective exchanges, probably won't receive the \$150,000 annual paycheck Mr. Melamed took as full-time head of Globex.

Messrs. Melamed and Sandner both denied that Mr. Melamed's departure is related to differences that have flared between the two over Globex's governance structure.

Mr. Melamed's resignation marks Globex's transition from a teetering infant to a walking youth.

Until last month, the system's early trading activity was a lethargic 2,000 to 3,000 contracts nightly—a drop in the ocean for the two futures exchanges, each of which averages more than 500,000 contracts a day.

But with the addition of Matif, volume more than doubled to about 8,000 contracts a night. Globex also hit a record volume of 15,600 contracts on March 18.

The system's volume is still far from threatening to overtake the ex-

changes' daily open-outcry business, but the futures brokerage firms that use Globex think the system's promise is beginning to be realized.

"More people are using it and more people will use it," said David Ganis, president of the Northern Futures Corp. subsidiary of Chicago's Northern Trust Co.

The Matif support is also encouraging because the French exchange has not even listed its most active contract on Globex yet. The 10-year interest rate contract, called the Notional, is expected to debut on the electronic trading system within the next month.

Matif's success also may encourage other futures exchanges to list their products on the Globex system. The London International Financial Futures Exchange (Liffe) and Germa-

ny's Deutsche Terminboerse (DTB) both have discussed joining Globex.

"I have the distinct feeling that both Liffe and DTB will come on board," said Mr. Melamed.

Globex also has made inroads in the Far East, which is important because activity during Globex's early-morning trading hours—business hours in the Pacific Rim—has been lackluster.

Globex installed its first trading terminals in Hong Kong in early March, and shortly after won government approval to set up terminals in Japan.

"I said I wouldn't leave until certain goals were accomplished, and they were all met," said Mr. Melamed. "The rest is up to the exchanges."

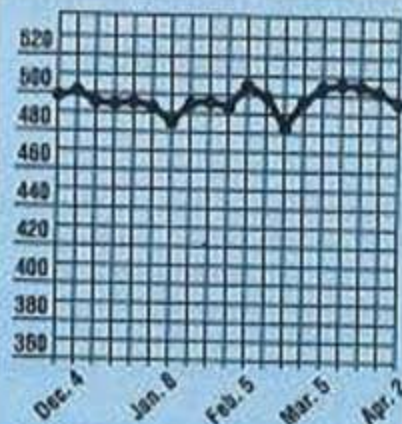
STOCK REPORT

Crain index **Pt. change**
497.15 -5.33

Avg. price/share
\$34.20 -\$0.30

Dow Jones Industrial Average
3,370.54 -69.44

NYSE weekly volume
1,261.22 million shares



10 biggest stock winners last week

| | | |
|-----------------------------------|----------|--------|
| 1 Zebra Technologies Corp. | \$ 26.50 | +12.77 |
| 2 Wells-Gardner Electronics Corp. | \$ 5.11 | +10.81 |
| 3 Hako Minuteman Inc. | \$ 8.25 | +10.00 |
| 4 Allied Products Corp. | \$ 8.13 | + 8.33 |
| 5 Information Resources Inc. | \$ 29.25 | + 8.33 |
| 6 DeSoto Inc. | \$ 9.63 | + 5.48 |
| 7 TNT Freightways Inc. | \$ 24.75 | + 5.32 |
| 8 Abbott Laboratories | \$ 25.00 | + 5.28 |
| 9 Manufactured Home | \$ 35.50 | + 5.19 |
| 10 Alberto Culver Co. (class B) | \$ 26.63 | + 4.93 |

10 biggest stock losers last week

| | | |
|------------------------------------|----------|--------|
| 1 HealthCare Compare Corp. | \$ 11.13 | -36.43 |
| 2 Stone Container Corp. | \$ 8.75 | -35.78 |
| 3 Telfabs Inc. | \$ 20.88 | -15.66 |
| 4 General Instrument Corp. | \$ 25.75 | -15.57 |
| 5 Technology Solutions Co. | \$ 9.55 | -11.63 |
| 6 Trans Leasing International Inc. | \$ 5.00 | -11.11 |
| 7 L. E. Myers Co. Group | \$ 13.63 | - 9.92 |
| 8 F. A. Tucker Group Inc. | \$ 5.79 | - 9.80 |
| 9 Waste Management Inc. | \$ 31.38 | - 9.39 |
| 10 Chemical Waste Management | \$ 14.75 | - 7.81 |

Only stocks trading for \$5.00 and more are listed.
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Survey of 220 companies

Week ended 4/2/93

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