CME Group



## Agricultural commodities: opportunity and diversification

Agricultural commodities such as grains, oilseeds and livestock are increasingly popular investments for portfolio diversification and potential returns associated with volatility. Due to their low correlation with traditional portfolios, agricultural commodities offer an alternative investment asset class. In fact, over the past three years, returns on agricultural commodities vs. equities returns had only a 17 percent correlation. Additionally, agricultural commodities have demonstrated much higher volatility than equities and interest rates, providing a potential means of enhanced returns.

With benchmark futures and options on grains, oilseeds, livestock, dairy, lumber and soft commodities, CME Group exchanges offer the widest range of commodity products available on any U.S. exchange. Furthermore, we offer a range of cleared OTC products, with cleared grain and oilseed swaps, and OTC Commodity Index contracts.

# AGRICULTURE

## The deep liquidity you need

Robust demand for agricultural futures and options products, plus the rapid growth in electronically traded agricultural futures, has made the liquidity in CME Group commodity products more accessible than ever to the hedge fund community.

You can trade our leading commodity products day and night on the CME Globex electronic trading platform. No other trading platform gives hedge fund managers access to such deep liquidity pools, complete anonymity and price transparency.

## LEADING PRODUCTS

| | | AVERAGE DAILY VOLUME | | | OPEN INTEREST | |
|---|---|---|---|---|---|---|
| Product Name (Futures Ticker) | Options Ticker* | ADV Contracts Q1 2011 | Percent Change from Q1 2010 | Percent of Contracts Traded Electronically | Open Interest Contracts Q1 2011 | Percent Change from Q1 2010 |
| Corn Futures and Options (ZC)[2] | OZC | 453,352 | 69% | 70% | 3,570,677 | 37% |
| Soybean Futures and Options (ZS)[2] | OZS | 250,665 | 39% | 74% | 1,524,537 | 40% |
| Wheat Futures and Options (ZW)[2] | OZW | 124,665 | 42% | 83% | 922,744 | 23% |
| Soybean Oil Futures and Options (ZL)[2] | OZL | 111,683 | 45% | 79% | 650,228 | 34% |
| Live Cattle Futures and Options (LE)[1] | LE | 70,069 | 29% | 69% | 712,332 | 12% |
| Lean Hog Futures and Options (HE)[1] | HE | 42,912 | 31% | 73% | 351,392 | 20% |

* Tickers displayed are CME Globex product codes.
1. These contracts are listed with, and subject to, the rules and regulations of CME.
2. These contracts are listed with, and subject to, the rules and regulations of CBOT.

## Q1 HIGHLIGHT WEEKLY GRAIN OPTIONS — AVAILABLE MAY 23, 2011

Weekly options on grain futures offer an expanded range of standardized, short-dated options on corn, soybeans and wheat. Complimenting the standard and the serial options, Weekly Grain Options (WGOs) offer flexibility in managing existing option positions, and create new opportunities to trade high impact economic events, such as changing weather forecasts and USDA reports.

## OPTIONS FOR TRADING VOLATILITY

With the launch of Weekly Grain Options on May 23, 2011, hedge funds will have even more ways to take advantage of the volatility in the grain markets. In addition to Weekly Grain Options:

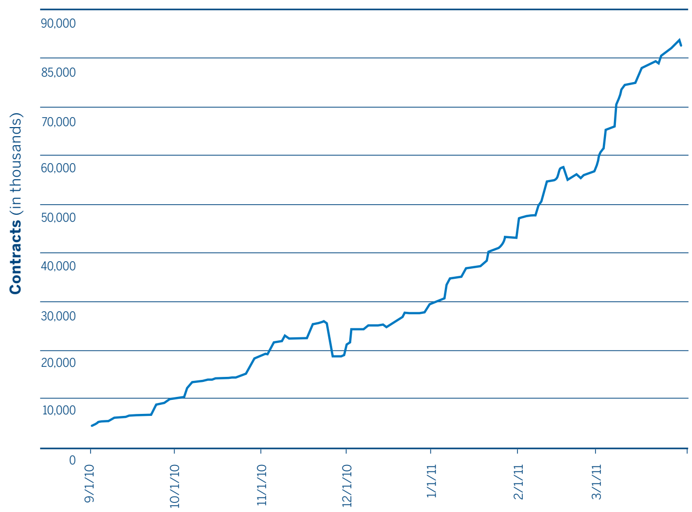
***Calendar Spread Options (CSOs)*** allow you to trade on the volatility between nearby and deferred delivery months. ▶

***Wheat-Corn Intercommodity Spread Options*** provide a new alternative for trading the relationship between corn and wheat, which are closely linked by market fundamentals such as the supply and demand for feed and the impact of weather.

***Soybean-Corn Price Ratio Options*** represent a new tool for trading on the price relationship between corn and soybeans, and the subsequent impact on new crop planted acreage.

Learn more about Weekly Grain Options at **cmegroup.com/weeklyags,** or Grain Spread Options at **cmegroup.com/gso.**

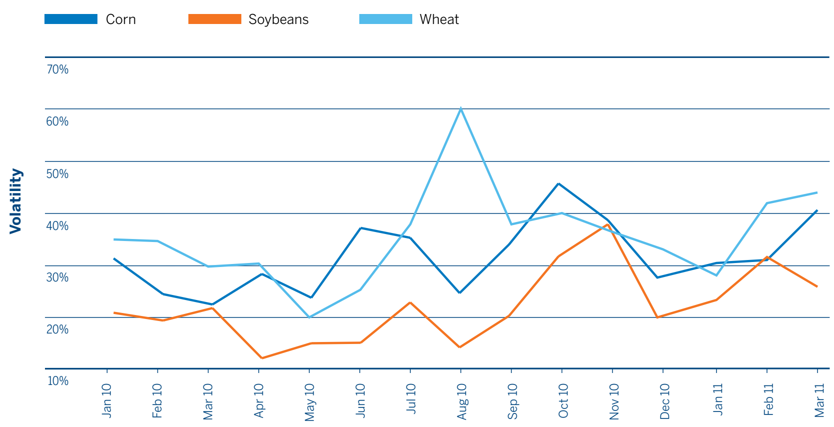
**Calendar Spread Options (CSO) Total Open Interest**




## VOLATILITY DRIVES RECORD FIRST QUARTER FOR GRAIN CONTRACTS ▶

Volatility around USDA reports, strong global demand, tight ending stocks, and early season weather issues were the catalysts behind increased ADV and volatility in grain futures. Q1 Corn, Soybean and Wheat ADV increased 69 percent, 39 percent and 42 percent, respectively, over Q1 2010.

**Corn, Soybeans and Wheat Monthly Volatility**




## FUNDAMENTAL DRIVERS

Concerns about the United States' ability to produce enough corn and soybeans in 2011 to meet growing demand have underpinned the bullish market. Anticipation of how much acreage may shift this spring from crop to crop added to volatility. The March earthquake and tsunami in Japan created a short-term break, but in the end, added volatility. Even with normal yields, corn and soybeans ending stocks are projected at pipeline levels. Any shortfall in yields could lead to unprecedented demand rationing through price.

**For more information, please contact Brian Corrigan, Associate Director, Agricultural Products, at (312) 338-2653 or brian.corrigan@cmegroup.com.**

## For more information on our Agricultural products, visit **cmegroup.com/agriculture.**

**The contracts in this piece are listed with and subject to the rules and regulations of CME and CBOT.**




HF162.1/200/0511