

U.S. Midwest #1 Busheling Ferrous Scrap (AMM) Futures

Recycled iron and steel scrap are vital raw materials for the production of new steel and cast iron products. About half of the steel and foundry industries in the U.S. have been using recycled ferrous scrap as a main resource for steel production. This is especially true for the low-cost steel producers such as Electric Arc Furnace (EAF) steel mills. For EAF mills ferrous scrap accounts for 45-85% of the production cost. As a result, EAF mills are highly sensitive to the ferrous scrap price fluctuation. Steel scrap was a regional product with relatively stable prices until 2000, when many emerging countries came into the market to secure raw materials for infrastructure development. Growing economies of developing countries, such as China and Turkey, have increased demand and prices of ferrous scrap and steel have, consequently,

risen. U.S. ferrous scrap has become one of the most volatile commodities in the steel industry and a major factor in the world steel price instability.

CME Group's NYMEX Exchange now offers a U.S. Midwest #1 Busheling ferrous scrap (AMM) futures contract to meet the rising need of industry participants to manage price risk. This new contract is part of our Virtual Steel Mill suite of products, which addresses risk across the steel supply chain such as steel scrap yard, processor, distributor, merchant, trader and end-user risk. The contract is available for trading virtually around the clock on CME Globex, our electronic trading platform, as well as for submission for clearing through CME ClearPort.

The U.S. Ferrous Scrap Production

Year	Total Yearly U.S. Ferrous Scrap Production (MT)	Total Yearly U.S. Prime Scrap including Home Scrap Production (MT)	Total Yearly U.S. Prime Scrap including Home Scrap Production (GT)	Total Yearly Production in Contract Equivalent (20 GT)	Average Monthly Production in Contract Equivalent (25 GT)
2007	64,000,000	26,240,000	25,825,408	1,291,270	107,606
2008	73,000,000	29,930,000	29,457,106	1,472,855	122,738
2009	70,000,000	28,700,000	28,246,540	1,412,327	117,694
2010	66,000,000	27,060,000	26,632,452	1,331,623	110,969
2011	73,000,000	29,930,000	29,457,106	1,472,855	122,738

Source: USGS and ISRI, 1MT=0.9842 GT

Contract Specifications

U.S. Midwest #1 Busheling Ferrous Scrap (AMM) Futures

Product Symbol	BUS	
Venue and Hours (All Times are New York Time/ET)	CME Globex:	Sunday – Friday 6:00 p.m. – 5:15 p.m. (5:00 p.m. – 4:15 p.m. Chicago Time/CT) with a 45-minute break each day beginning at 5:15 p.m. (4:15 p.m. CT)
	CME ClearPort:	Sunday – Friday 6:00 p.m. – 5:15 p.m. (5:00 p.m. – 4:15 p.m. Chicago Time/CT) with a 45-minute break each day beginning at 5:15 p.m. (4:15 p.m. CT)
Contract Unit	20 gross tons (gt)	
Price Quotation	U.S. dollars and cents per gross ton	
Minimum Fluctuation	\$0.01 per gross ton	
Floating Price	AMM US Midwest #1 Busheling Ferrous Scrap Index	
Termination of Trading	10th of the month, if 10th is a holiday/weekend, it will settle on the first business day following the 10th of the month.	
Listed Contracts	24 consecutive months	
Settlement Type	Financial	
Rulebook Chapter	601	
Exchange Rule	These contracts are listed with, and subject to, the rules and regulations of NYMEX.	

For more information on our suite of ferrous products, please visit cmegroup.com/ferrous, or contact a member of our team at metals@cmegroup.com

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Futures trading is not suitable for all investors, and involves the risk of loss. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyles. And only a portion of those funds should be devoted to any one trade because they cannot expect to profit on every trade. All examples in this brochure are hypothetical situations, used for explanation purposes only, and should not be considered investment advice or the results of actual market experience.

All matters pertaining to rules and specifications herein are made subject to and are superseded by official CME, CBOT and NYMEX rules. Current rules should be consulted in all cases concerning contract specifications.