



(CHICAGO'S AMERICAN PHOTO)

Everett Harris (left), president, and Leo Melamed, board chairman, look over the floor of the Chicago Mercantile exchange which is celebrating its 50th anniversary this year.

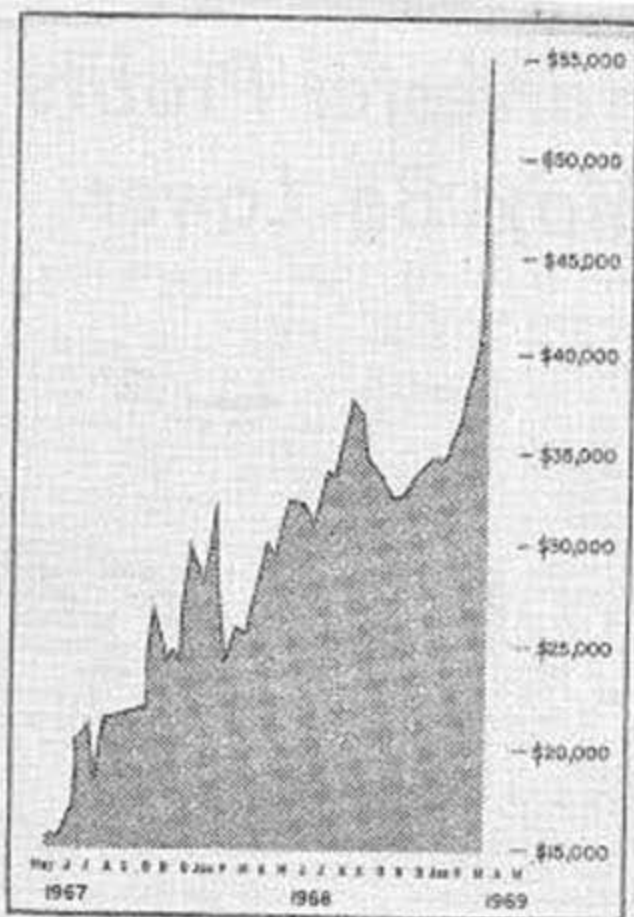


Chart shows how price of seat on Mercantile exchange has skyrocketed.

Merc Has Look of Youth at 50

BY RALPH GRAY

THE YOUTH market is everywhere, it seems. There's even one in pork bellies, says the Chicago Mercantile exchange.

And maybe better yet, there's a booming youth market in seat sales on the exchange.

In either case, buyers aren't likely to see what they purchase. Those who buy pork belly contracts hold them in hopes the price will rise. They seldom take delivery of the uncured bacon.

The seats likewise are as fadable today as they were 50 years ago when the exchange was founded as the Butter & Egg exchange.

THE PRICE to acquire a seat—or membership—has been booming right along and

now stands at a record \$55,000.

The market for pork bellies has zoomed from 1,728 contracts in 1963 to 1,303,926 in 1968 to account for 79 per cent of all trades. The dollar value was 14 billion.

Last year, the C. M. E. traded a record-breaking 1,452,382 contracts for nearly 20 per cent of all United States commodities traded on exchanges. This was up from around 15 per cent in 1967.

Helping to feed this boom is a tall, slim executive who looks like a retired British colonel. He is Everett B. Harris who wears a regimental striped tie, horn-rimmed glasses and a folksy manner.

A YOUTH market in pork bellies? "We get orders for

pork bellies from all over the world. The futures market has shown a resurgence. It's a youth market," Harris says.

"If someone is old enough to fight in Viet Nam, he's old enough to trade in pork bellies," he said.

The same goes for new members of the exchange. Of the 500 members, 35 are under 30 years old and the chairman, Leo Melamed, is a stylish 26 years old.

Harris maintains there is no need to expand the number of seats to more than 500 since the demand for them so far mostly consists of exchanging active memberships for inactive ones.

"THEY ARE using the seats as brokers rather than letting them lie around as a

good security," Harris said.

Back in 1961, seats sold for a low of \$4,550, but last week the record of \$55,000 was established. The year, so far, has proven a record-setting one for trading, too, Harris said.

A new monthly record for trading in all commodities was set in February with 213,313 contracts with the weekly record set Feb. 24 at \$2,978.

The best single day was Feb. 17 when 13,107 contracts changed hands.

DIVERSITY has been the key to the exchange's growth, Melamed said. "Ten years ago we faced a do-or-die situation and we added new commodities. You need to be nimble," he said.

In the process of being nimble, the old butter and egg exchange dropped butter and its business in eggs is tiny in comparison with other commodities.

Such things as markets in scrap iron, frozen shrimp and frozen broilers also didn't pan out.

The exchange is looking into a lumber market which would help stabilize prices, Harris said. "It's an agricultural commodity," he said. "It is at the same point now when beef cattle was 10 years ago," he said.

TWO YEARS ago the

C. M. E. was caught in the same kind of paperwork jam that is afflicting the major stock exchanges today.

"We worked 24 hours a day for a year. We computerized ahead of the thing and now we're in good shape. We've stayed ahead mainly thru luck," Harris said.

On the same subject, the exchange is "policing its members as never before," Harris said. In addition, fines were raised from \$500 to \$2,500 for minor infractions and major violations were raised to \$10,000 from \$1,000 and/or expulsion.

"We are alert for dangers," Melamed said.

HARRIS, who owns a Stetson hat and decorative branding iron with the initials C. M. E., hails the commodities market as "kind of a last frontier."

"Why shouldn't a guy be allowed to trade commodities if he wants to? But remember, this isn't for widows and orphans," he said.

Or as a Mrs. Sherman, a secretary, penned in 1928:

"Now, one by one they trickle out. Some are sure, some are in doubt. Some will gain and some will pay. Ah, well, tomorrow's another day."