

CBOT Wheat Contract Performance

CFTC Agricultural Advisory Committee

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August 5, 2010**

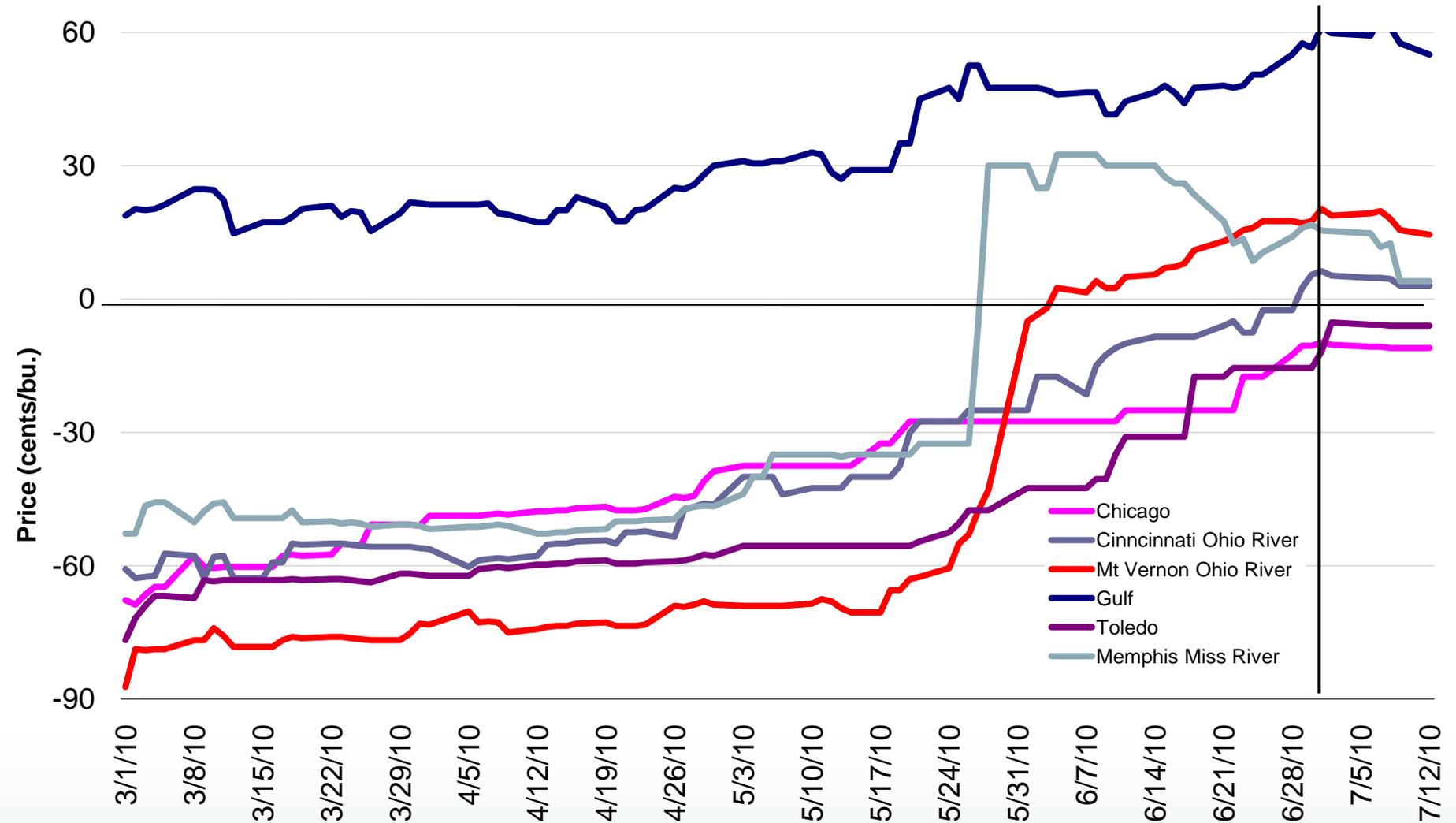
Background

- Inconsistent Convergence Observed (2006-09)
 - Full Carry Calendar Spreads
 - Delivery Capacity Constraints
- Contract Modifications
 - Shipping Certificate Delivery (July 2008)
 - New Delivery Territories and Seasonal Storage Rates (July 2009)
 - Variable Storage Rates (July 2010)
 - Improved Quality Specifications (September 2009 and September 2011)
- Results
 - Convergence Achieved in March, May and July 2010 Expirations
 - Load-outs versus canceled Delivery Certificates
 - Calculated FOB Regular Elevator in Chicago at Delivery Equivalent Value (DEV)
 - USDA bid prices at DEV in July 2010
 - Strong growth in Volume and Open Interest since VSR announcement
 - YTD (through June) ADV up 20% vs. 2009
 - YTD Open Interest up 47% vs. June 2009

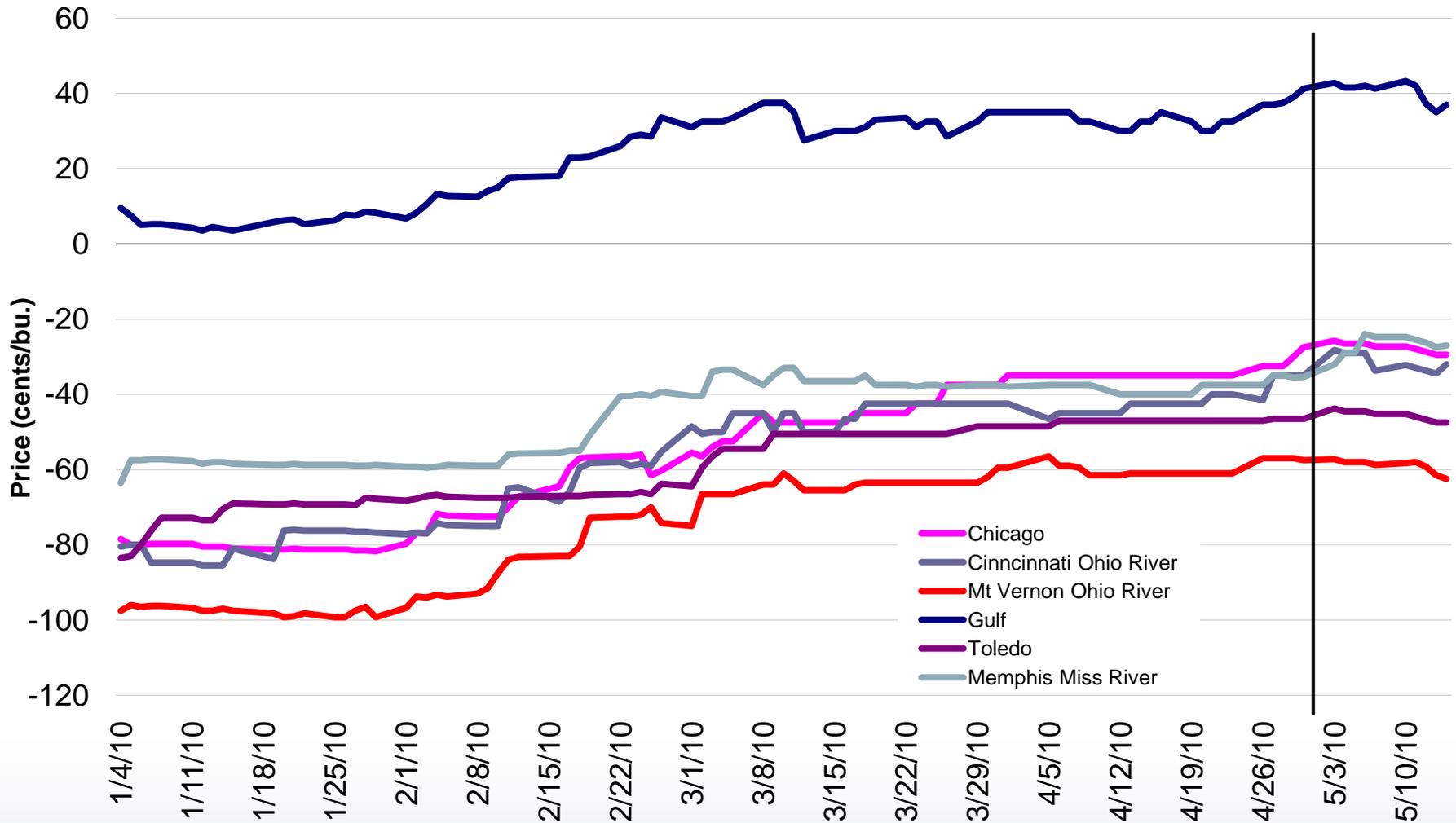
Variable Storage Rates (VSR) - The Concept

- Starting with the July 2010 CBOT Wheat Futures contract, CME Group implemented Variable Storage Rates (“VSR”). Under VSR, the storage rate that delivery elevators will charge to hold shipping certificates can change for subsequent delivery periods based on the nearby wheat futures spread relationship to Financial Full Carry (“FFC”).
- VSR will increase storage rates by 3 cents per bushel per month when the nearby spread is 80% or more of financial full carry and will decrease storage rates by 3 cents per bushel per month when the nearby spread is 50% or less of financial full carry.
- The ratio of the nearby spread to FFC is determined based on the average during the 19th calendar day of the previous delivery month through option expiration day for the current delivery month. Changes in storage rates are announced on option expiration day and implemented on the 18th calendar day of the delivery month (following the delivery period).
- The objective of implementing VSR is to improve cash-futures convergence at futures expiration.

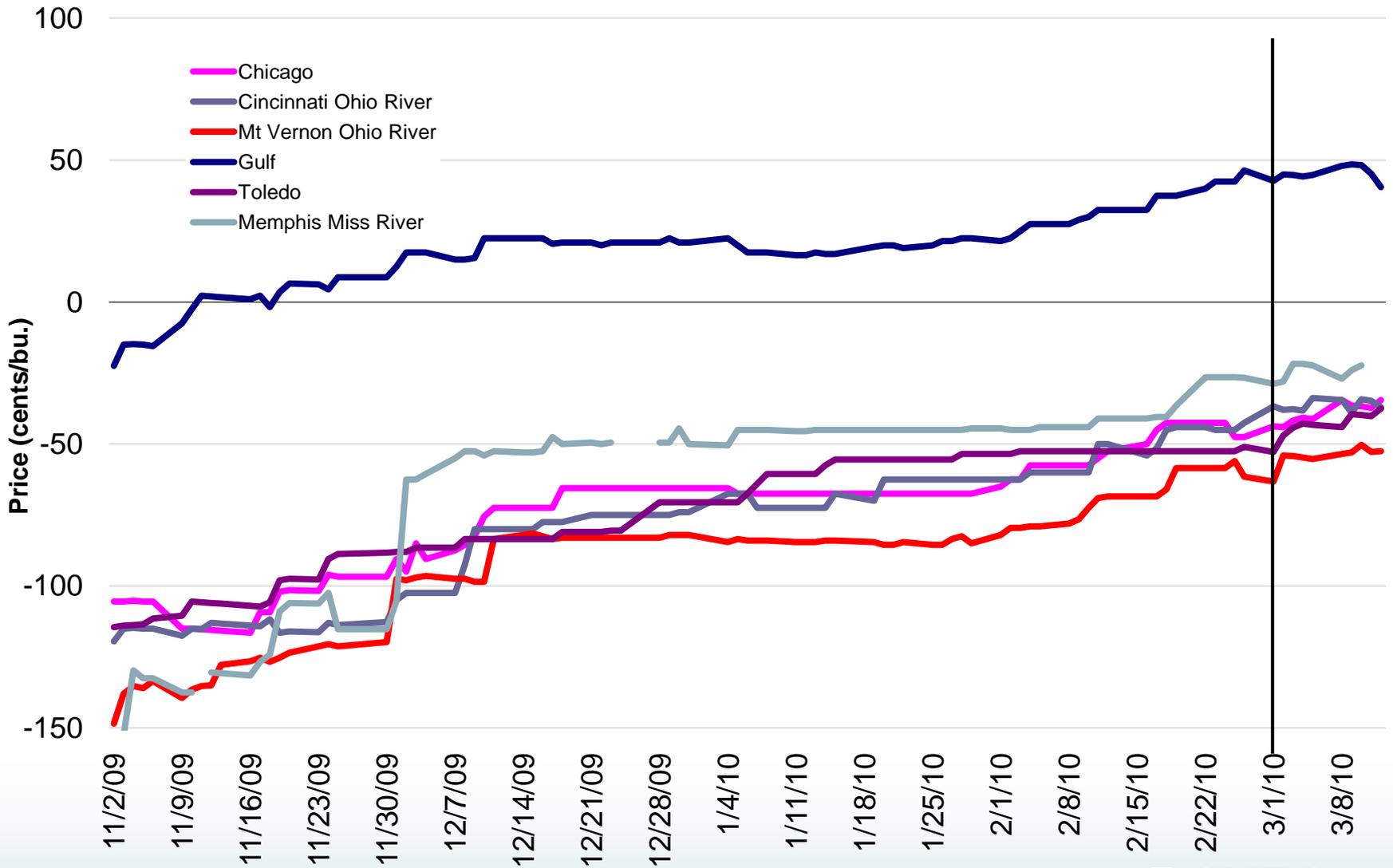
July 2010 CBOT Wheat Basis – Selected Locations



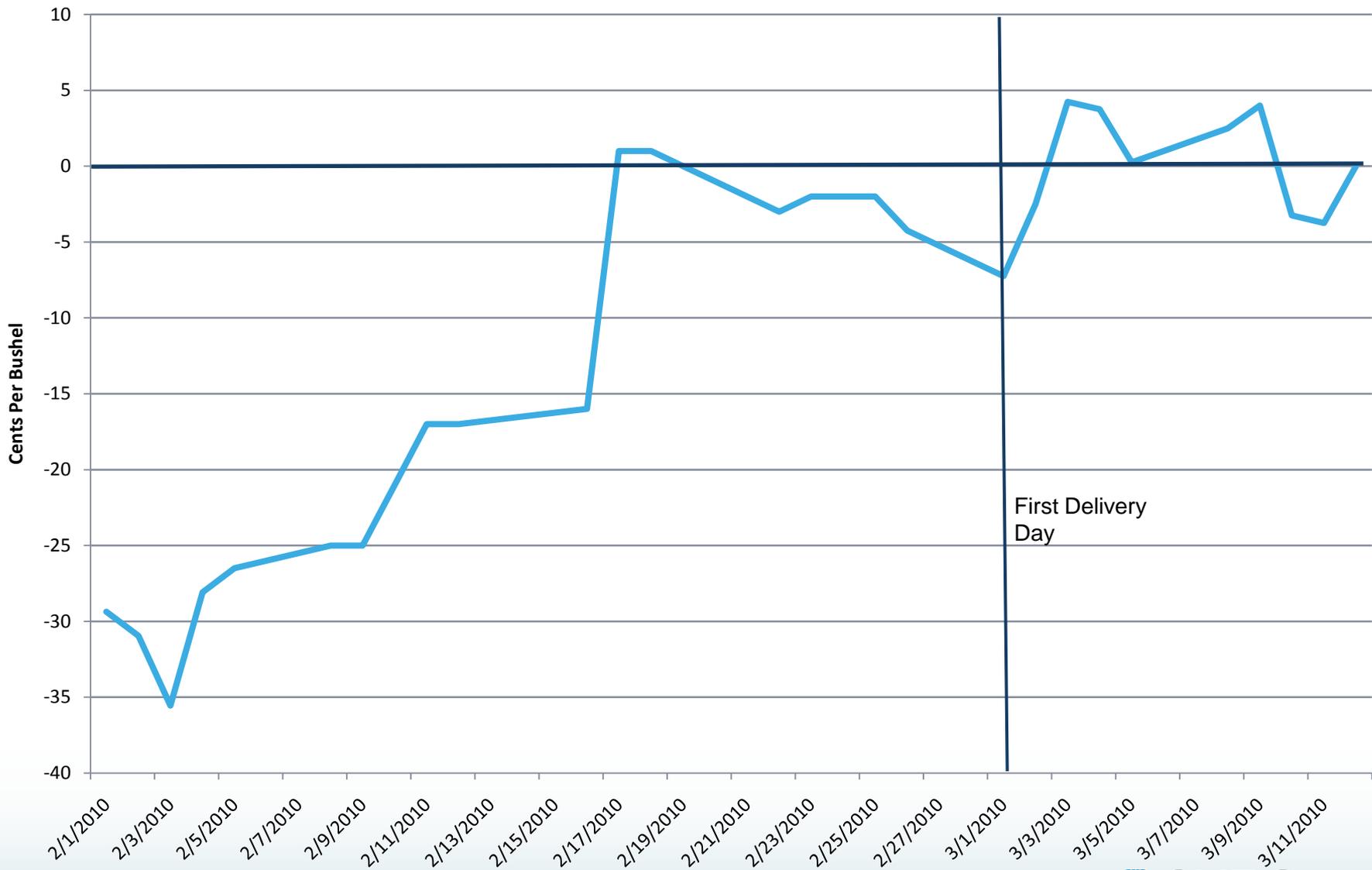
May 2010 CBOT Wheat Basis – Selected Locations



March 2010 CBOT Wheat Basis – Selected Locations

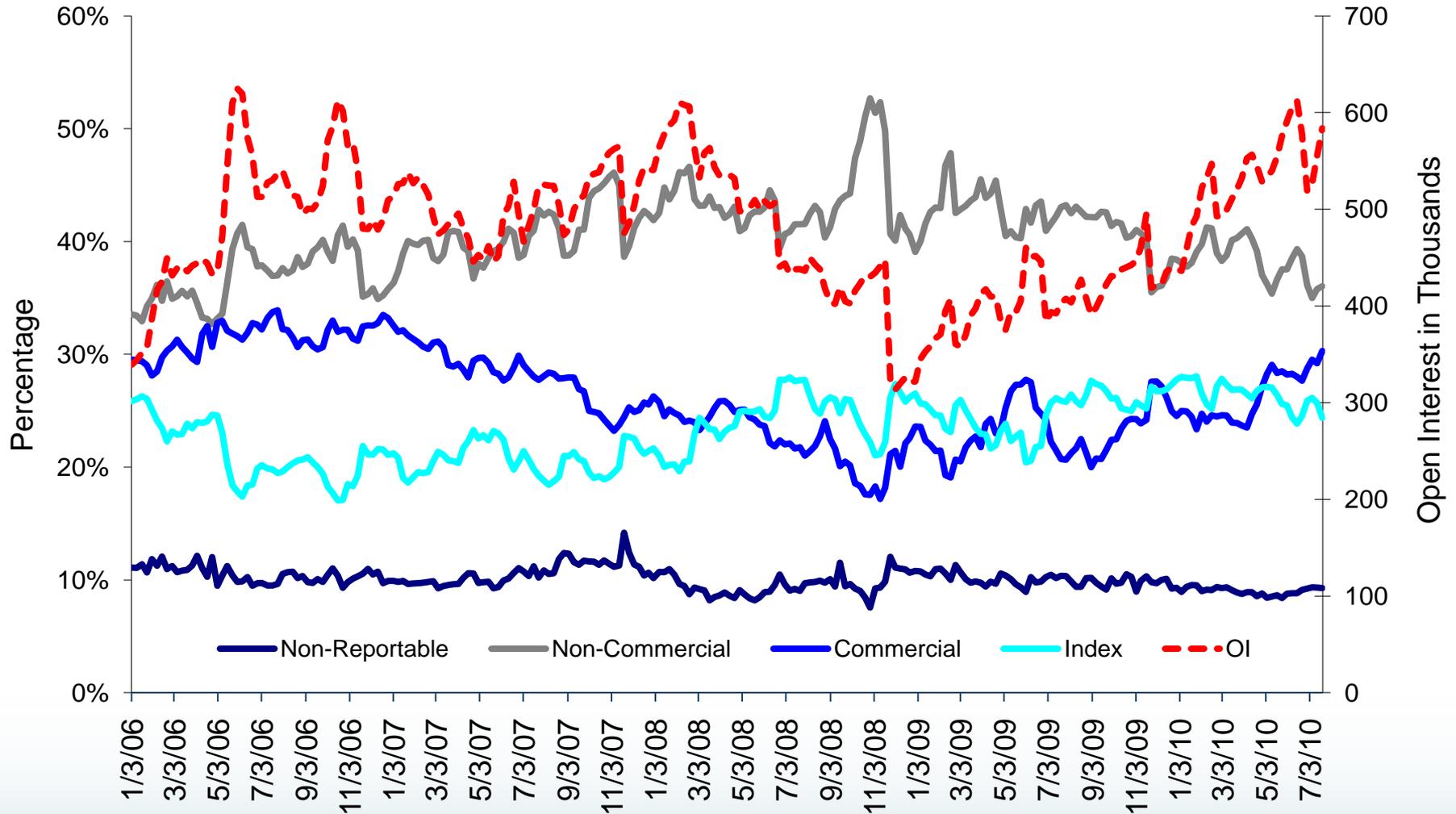


March 2010 SRW Basis Calculated Using Chicago SRW Barge FOB-Values



Wheat Commitments of Traders Report

Percentage of Open Interest by Category CBOT Wheat



Wheat Open Interest* and Market Participants#

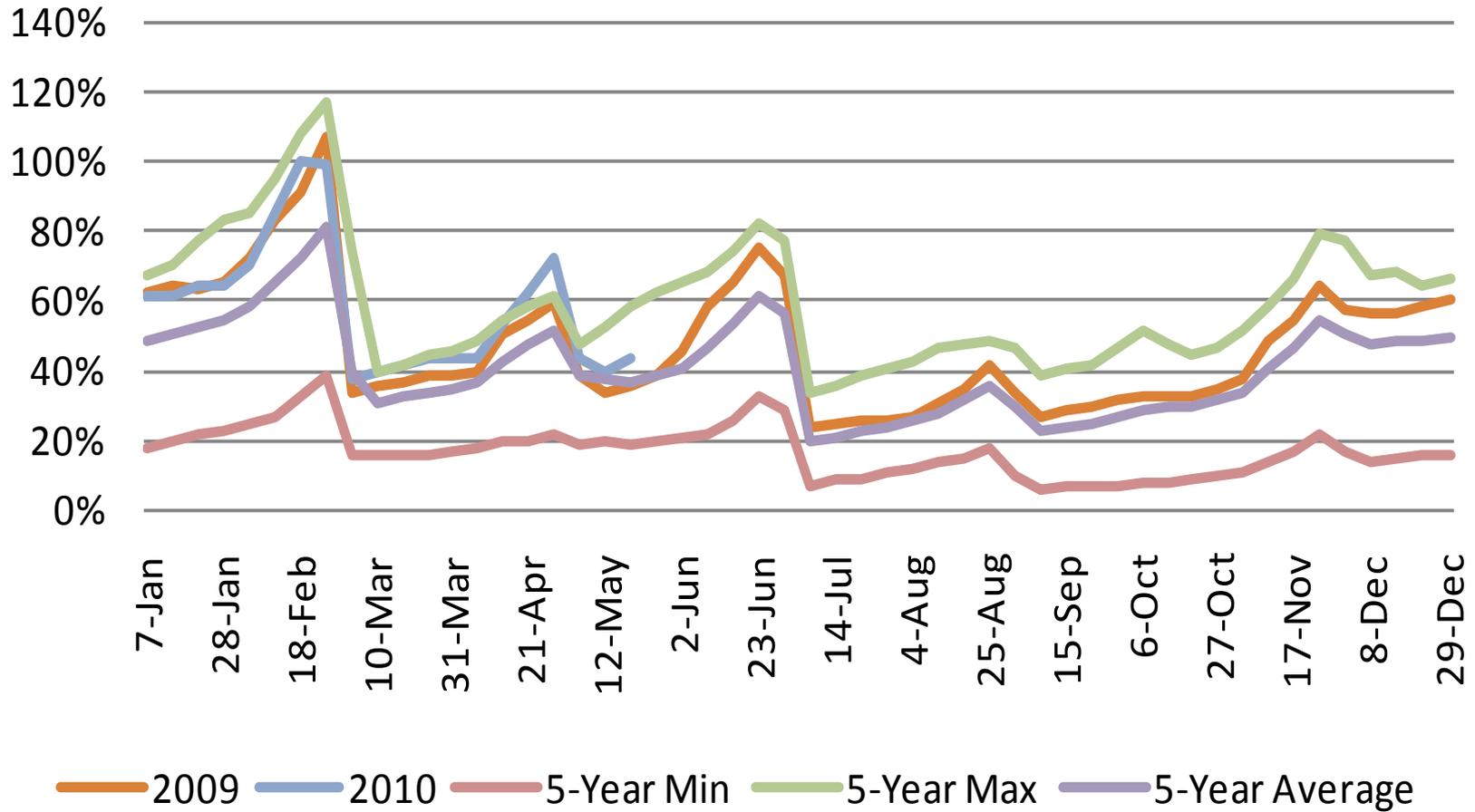
<u>Open Interest*</u>	<u>July 21, 2009</u>	<u>December 1, 2009</u>	<u>July 20, 2010</u>	<u>% Δ VSR</u>	<u>% Δ YoY</u>
Total	402,826	421,702	583,891	38%	45%
Commercial Short	130,517	192,348	257,768	34%	97%
Commercial Long	36,359	40,421	96,091	137%	164%
Index Long	184,921	204,142	248,221	22%	34%

* Open interest is the combination of futures and delta adjusted options

Data based on CFTC's Supplemental Commodity Index Trader Report

Weekly Ratio of Deferred to Nearby Open Interest

Weekly OI Ratio (Deferred/Nearby)

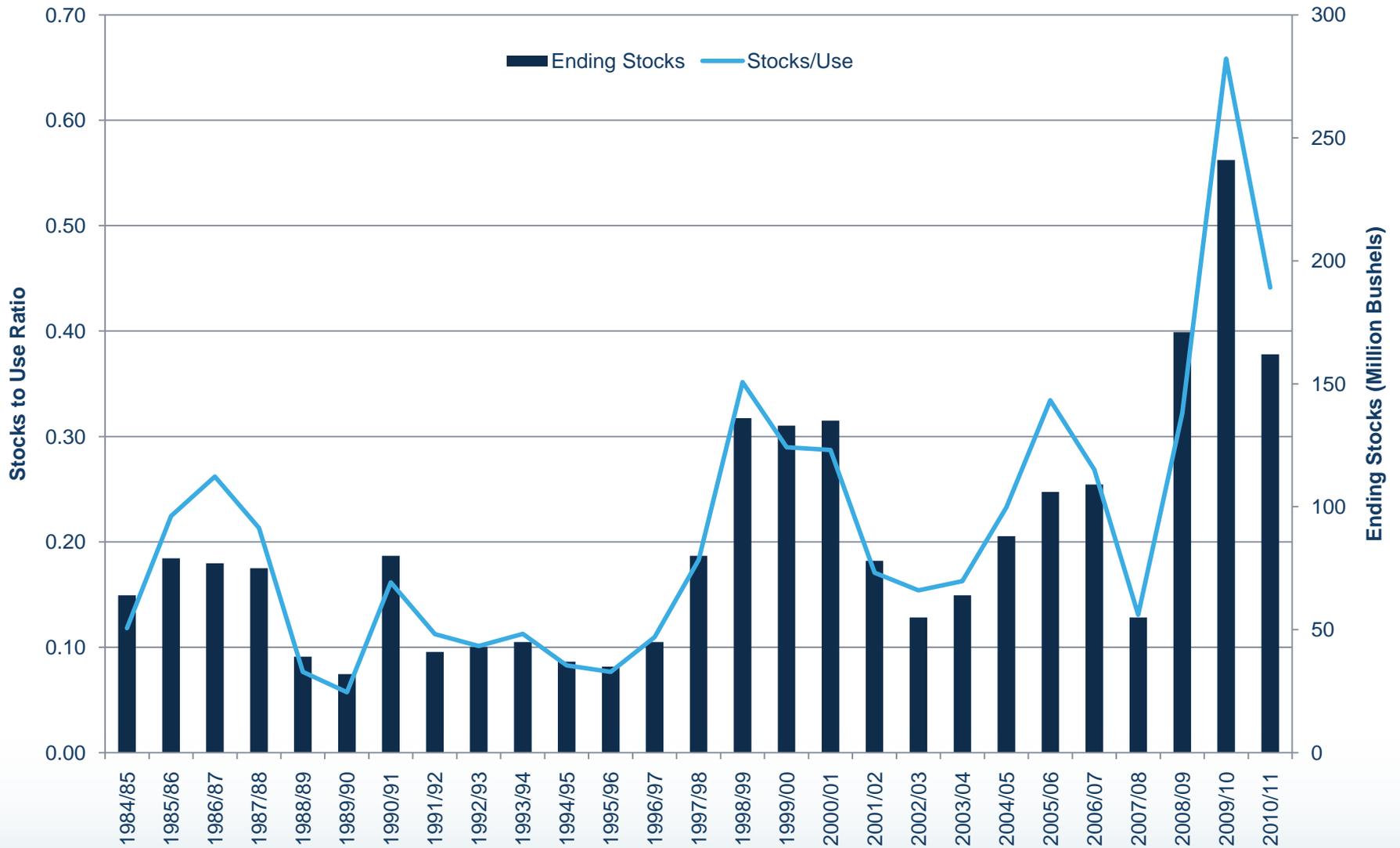


Summary Statistics for Ratio between Deferred Open Interest and Nearby Open Interest

Time Periods	Min	Max	Median	Mean
5/2004-5/2010 (Entire Observation Period)	6.4%	103.7%	40.8%	41.1%
12/2009-5/2010 (Since VSR Announcement)	41.0%	88.6%	58.0%	58.9%
12/2008-5/2009	36.2%	86.7%	60.1%	56.4%
12/2007-5/2008	38.8%	103.7%	67.0%	65.3%
12/2006-5/2007	34.6%	73.7%	60.7%	55.1%
12/2005-5/2006	25.3%	57.3%	37.1%	38.9%
12/2004-5/2005	14.9%	29.8%	19.3%	19.9%

- Nearby months are defined as the first two contract months, with rollover on first position day (2 days before first delivery day).
- All other contract months are defined as deferred.
- We collected historical wheat futures daily open interest for each contract month over the past six years.
- We calculated a ratio between the open interest of deferred contracts to that of the nearby contracts as an indicator of the relationship between the two.

U.S. SRW Stocks & Stocks/Use Ratio



CME Group Swaps and Ag Trade Option Petitions

- **Filed second Ag Swaps Petition in April 2010**
 - Seeks Approval to clear 12 Additional Ag Swaps
 - European settled swaps for corn, wheat, soybean, soybean meal, soybean oil, live cattle and lean hogs.
 - Asian settled swaps for soybean meal, soybean oil, live cattle, lean hogs and soybean crush.
 - Complement existing benchmark agricultural futures and option products
- **Filed Petition to Amend CFTC Ag Trade Option Rules in June 2010**
 - Requests an exemption from Ag Trade Option rules for cleared agricultural trade options
 - Requested amendment includes same conditions as March 29, 2009 Cleared Agricultural Swaps Order
 - Participants must be Eligible Swap Participants
 - Contracts must be cleared
 - Daily marked to market
 - Daily reporting of open interest and settlement prices
 - Market surveillance and speculative position limits
 - Not fungible with any contract listed on CBOT DCM
 - FCM recordkeeping
 - Large trader reporting

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.

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