

## Introducing CME Fertilizer Futures

*Risk Management Products  
for Volatile & Changing Markets*



TFI Fertilizer Outlook Conference  
October 27, 2004

John Harangody

# Program Outline

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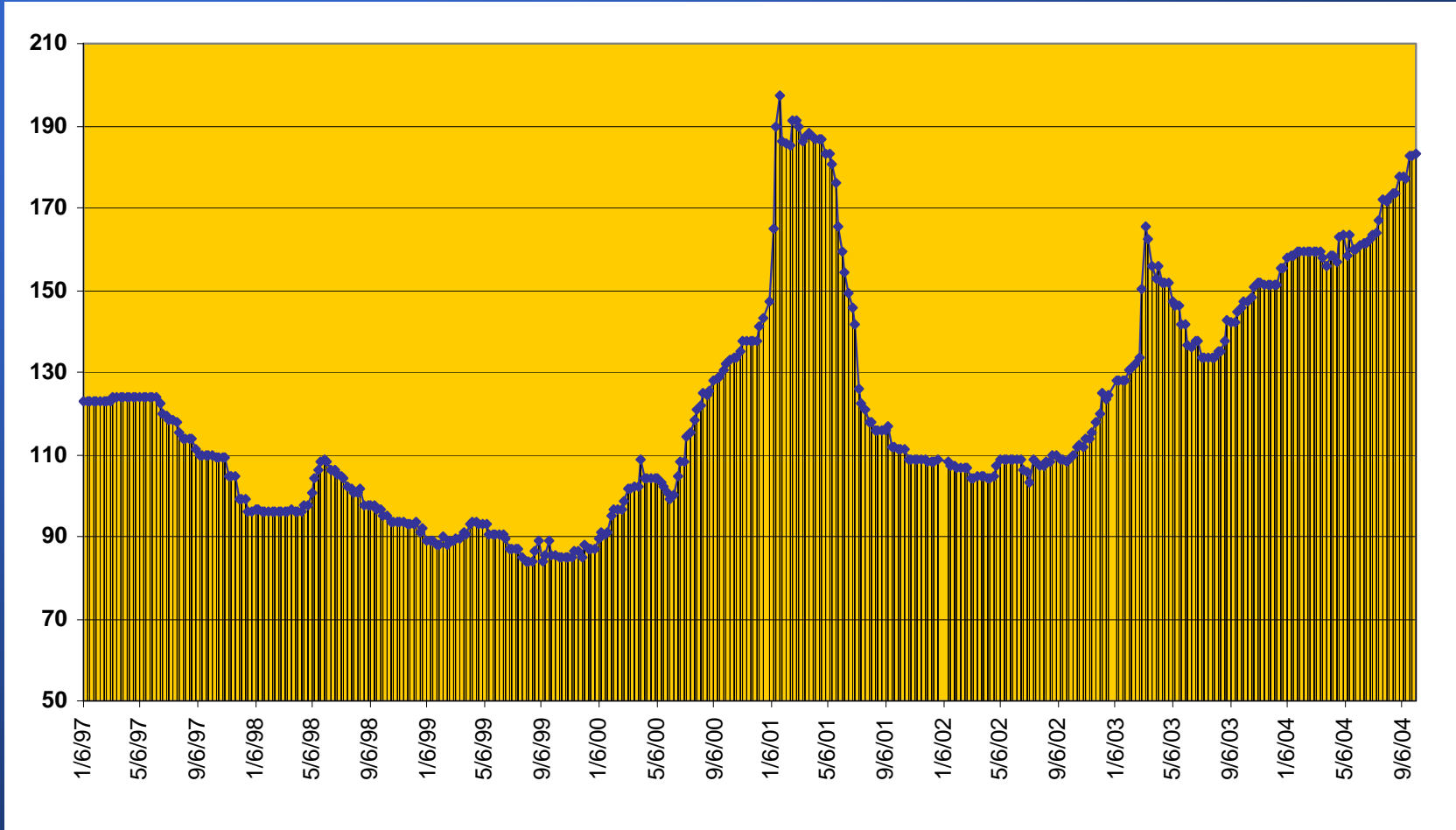
- I.** CME Overview
- II.** Rationale for fertilizer futures
- III.** Issues and Applications
- IV.** Contract Specifications
- V.** Getting Connected

# Chicago Mercantile Exchange

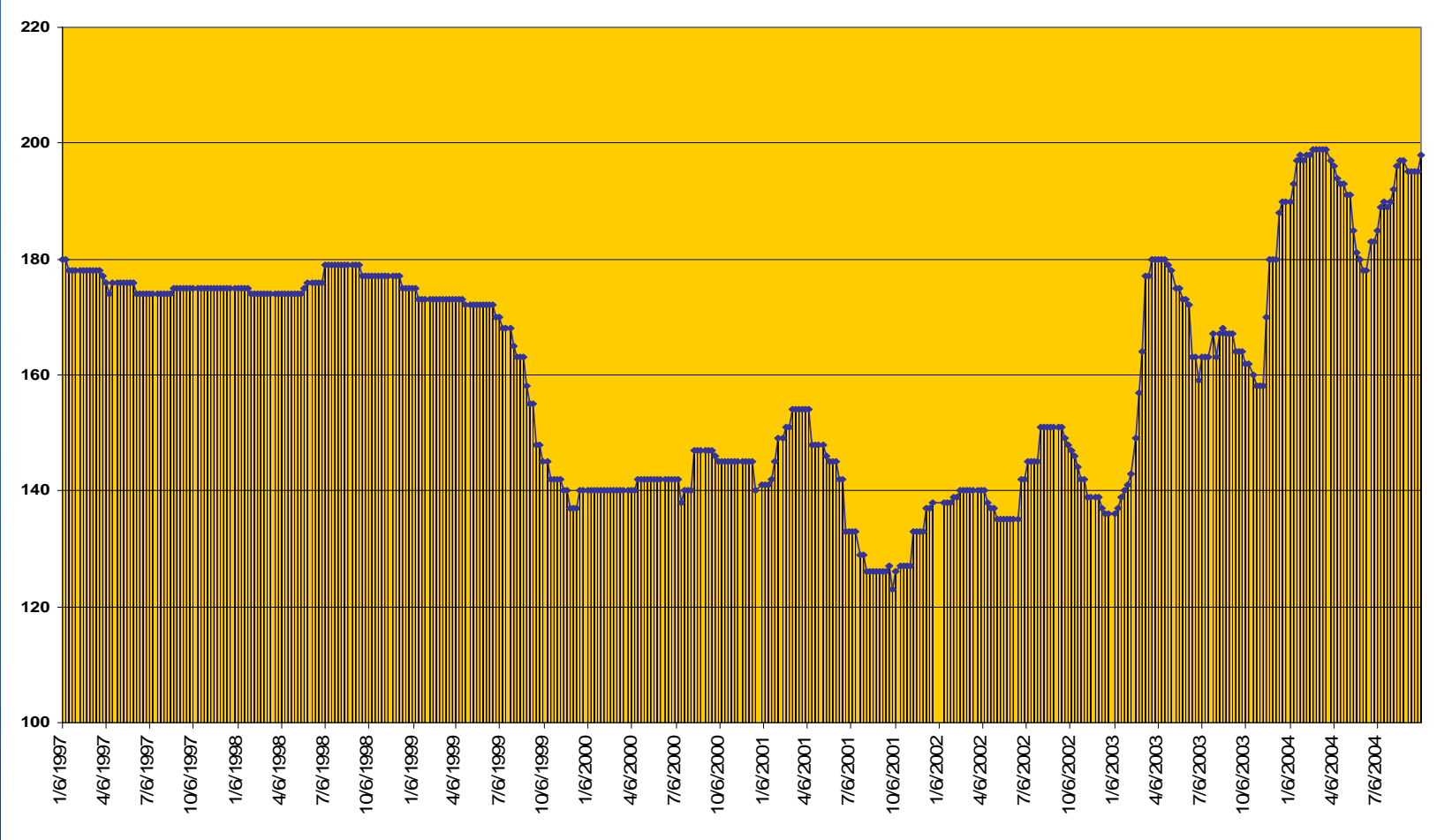
- **Founded 1898**
- **First publicly traded U.S. financial exchange**
- **Largest clearing house in world**
  - ◆ **6.3 Million ADV**
- **Largest futures exchange in U.S.**
  - ◆ **3.6 Million ADV**
- **61% volume traded on GLOBEX**



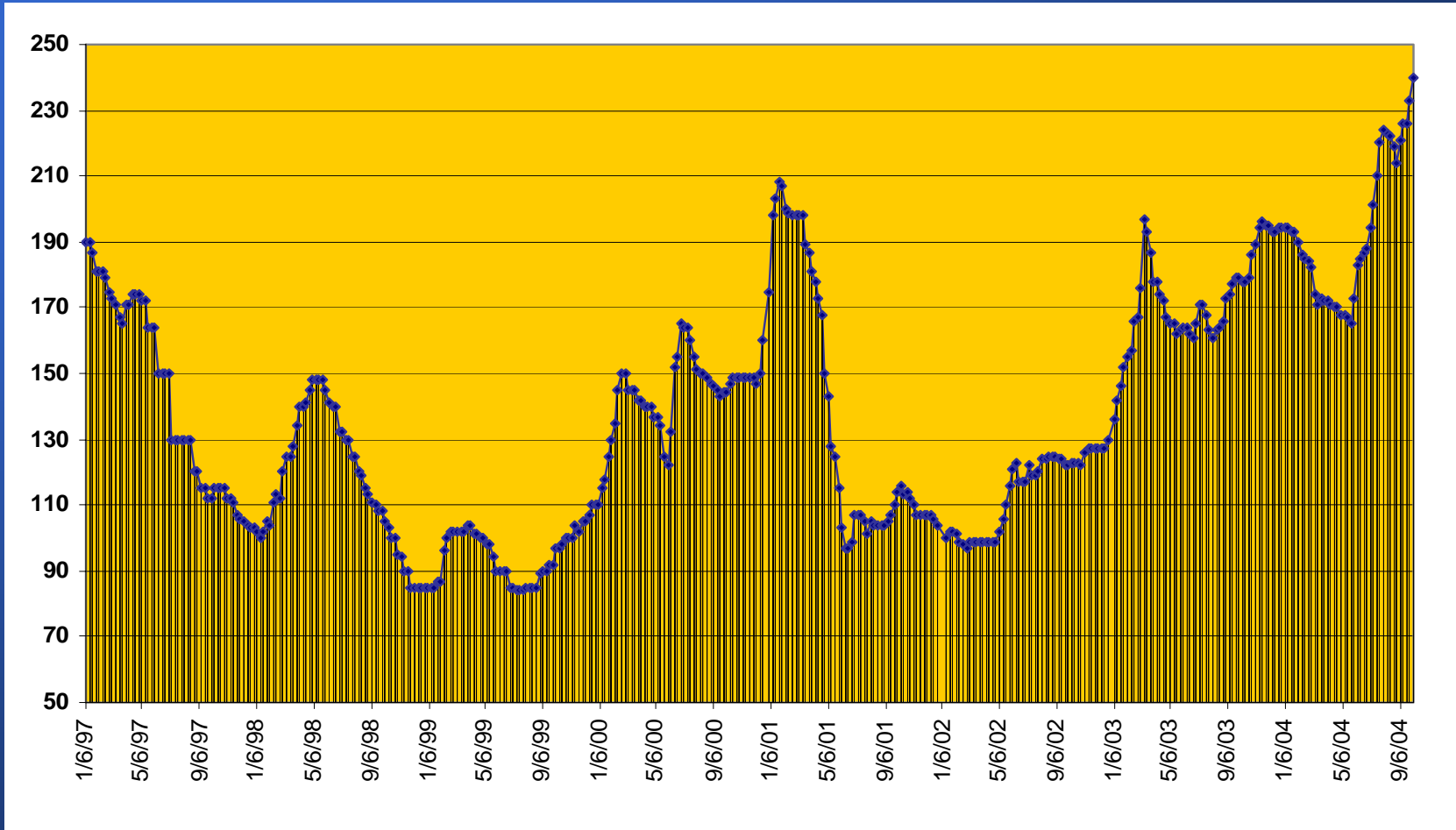
# UAN 32 Mid-Continent



# DAP Central FL



# Urea Gulf Granular



# Changes in Fertilizer Industry

- Unprecedented natural gas price volatility
- Increasing offshore imports
- Reduced domestic manufacturing capacity
- Transportation logistics
- Heightened uncertainty and risk
  - ◆ Supply
  - ◆ Price



# Benefits of Trading CME Fertilizer Products

- Universal price discovery
- Manage price risk
- Optimize Margins
- Customized marketing contracts
- Elimination of counterparty credit risk: every trade is guaranteed by the CME Clearing House





# Contract Specifications

Contract	DAP	UREA	UAN
<b>Ticker Symbols</b>	DP	UF	UL
<b>Product</b>	<ul style="list-style-type: none"> <li>• Granular</li> <li>• 18% Nitrogen</li> <li>• 46% Phosphate</li> <li>• 1% moisture as H2O</li> <li>• Screen analysis 90% 1mm-4mm</li> </ul>	<ul style="list-style-type: none"> <li>• Granular</li> <li>• 46% Nitrogen</li> <li>• 0.5% moisture as H2O</li> <li>• 1.5% max biuret</li> <li>• Screen analysis 90% min. 2mm-4.75mm</li> </ul>	<ul style="list-style-type: none"> <li>• Liquid</li> <li>• 32% Nitrogen with corrosion inhibitor</li> </ul>
<b>Contract Months</b>	March, May, July, September, December		
<b>Trading Venue</b>	Electronic (GLOBEX®)		

# Contract Specifications

Contract	DAP	UREA	UAN
<b>Trading Hours</b>	Mon thru Thurs: 5:00 pm to 3:15 pm Sunday & Holidays: 5:30 pm to 3:15 pm Close at 12:00 p.m. on last day of trading		
<b>Contract Size</b>	100 tons (+/- 5%) variation for deliveries	100 tons (-10%/+5%) variation for deliveries	100 tons (-10%/+5%) variation for deliveries
<b>Quotation</b>	U.S. Dollars per ton		
<b>Price Increments</b>	Minimum of \$0.50 per ton (\$50 per contract)		
<b>Position Limits</b>	1,000 contracts long or short in any contract month 200 contracts long or short in the expiring contract month, close of business on the 1st business day following the first Friday of contract month		

Contract	DAP	UREA	UAN
<b>Last Trading Day</b>	Business day prior to 16th calendar day of contract month		
<b>First Notice Day</b>	First business day after last trading day		
<b>Last Notice Day</b>	Last business day of contract month		
<b>Delivery</b>	<ul style="list-style-type: none"> <li>• By covered hopper car, on track @ shipping origin</li> <li>• Buyer invoiced for freight based on lowest published rate to destination from Central Florida</li> </ul>	<ul style="list-style-type: none"> <li>• By covered hopper car, on track @ shipping origin</li> <li>• Buyer invoiced for freight based on lowest published rate to destination from New Orleans, LA</li> </ul>	<ul style="list-style-type: none"> <li>• By tank car, on track @ shipping origin</li> <li>• Buyer invoiced for freight based on lowest published rate to destination from New Orleans, LA</li> </ul>

# Access to CME Fertilizer Futures Markets

- Broker
- Free access to electronic quotes
- All electronic GLOBEX® trading
- Electronic trading systems
  - ◆ GLOBEX® Learning Center



# E-quotes™ Service

CME E-quotes - Microsoft Internet Explorer provided by Chicago Mercantile Exchange Inc.

Load Layout: fertilizer products | New Layout | Save Layout | Delete/Rename Layout | Hide Menu | Help | Logout

View: Workspace1 | Launch: Quote | Chart | News | Other | Revert workspace

Quote -1

Add Contract | Get Quote by Symbol | GO | Customize

Contract	Last	Net Chg	TransVol	Open	Bid	Bid Size	Ask	Ask Size	High	Low	Close	Settle
DP Z04	199.00B	4.00	-	-	199.00	1	200.00	1	199.00B	196.00B	-	-
DP H05	198.00B	4.00	-	-	198.00	1	199.00	1	198.00B	195.50B	-	-
DP K05	192.00B	3.00	-	-	192.00	1	193.00	1	192.00B	190.00B	-	-
UF Z04	-	-	-	-	245.00	1	249.00	10	-	-	-	-
UF H05	-	-	-	-	243.00	1	247.00	10	-	-	-	-
UF K05	233.00B	6.00	-	-	233.00	1	235.00	1	233.00B	229.00B	-	-
UL Z04	-	-	-	-	163.00	1	164.00	1	-	-	-	-
UL H05	-	-	-	-	163.00	1	165.00	1	-	-	-	-
UL K05	160.00A	-2.00	-	-	159.00	1	160.00	1	161.00A	160.00A	-	-

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