Commodity Challenge

Section I: Introduction to Futures and Options Markets

Chapter 5: Futures markets and commodities traded

Learning objectives

- To know major agricultural futures exchanges
- To see the types of commodities traded
- To understand common characteristics of futures traded commodities

Key terms

Commodity: A raw material or primary agricultural product that can be bought and sold, such as corn or silver. Commodities are homogenous products - buyers and sellers regard them as equal, regardless of who produced them. The same grade of corn has equal value, whether it was produced in Iowa, Indiana or Nebraska.

Major agricultural futures exchanges

The trading of futures contracts is conducted on organized commodity markets. Below are important agricultural futures markets in North America.

CBOT

Established in 1848, the Chicago Board of Trade is the oldest of all existing futures exchanges. Agricultural commodities traded include corn, soybeans, soybean oil and meal, and soft red winter wheat. The CBOT went public in 2005 and merged with the CME in July 2007.

CME

The Chicago Mercantile Exchange opened in 1898 as the Chicago Butter and Egg Board. It is home to live cattle, feeder cattle, lean hog futures and a complex of dairy products. The CME converted from a non-profit institution to a for-profit institution in December 2002.

ICE Futures U.S.

In January 2007, the IntercontinentalExchange acquired the New York Board of Trade and renamed it ICE Futures U.S. This exchange trades "soft" commodities, including coffee, cocoa, sugar, cotton and orange juice.

KCBOT

The Kansas City Board of Trade, chartered in 1876, trades hard red winter wheat futures and options. It was purchased by the CME in December 2012.

MIAX / MGEX

Miami International Holdings acquired the Minneapolis Grain Exchange in 2020. MGEX began in 1881 and MIAX continues a successful hard red spring wheat contract.

ICE Futures Canada

Formerly the Winnipeg Commodity Exchange, this exchange features a successful canola contract.

Annual Futures and Options Trading Volume, 2025

Selected U.S. and Canadian Agricultural Commodities

Commodity	Exchange	Contract Size	Year Started	Volume (mil. contracts)
Corn	CBOT	5,000 bushels	1877	109.8
Soybeans	CBOT	5,000 bu.	1936	74.2
Sugar #11	ICE U.S.	112,000 lbs.	1914	36.5
Soybean Oil	CBOT	60,000 lbs.	1950	45.9
Soybean Meal	CBOT	100 tons	1951	43.5
Wheat (SRW)	CBOT	5,000 bu.	1877	34.5
Corn options	CBOT	5,000 bushels	1989	33.2
Soybean options	CBOT	5,000 bushels	1989	24.7
Live Cattle	CME	40,000 lbs.	1964	20.2
Lean Hogs	CME	40,000 lbs.	1966	16.6
Wheat (HRW)	CBOT	5,000 bu.	1876	16.0
Cotton	ICE U.S.	50,000 lbs.	1870	12.4
Canola	ICE Canada	20 tonnes	1963	13.0
Coffee	ICE U.S.	37,500 lbs.	1964	9.9
Wheat options (SRW)	CBOT	5,000 bu.	1989	8.1
Live Cattle options	CME	40,000 lbs.	2006	7.9
Cocoa	ICE U.S.	10 tonnes	1925	6.4
Feeder Cattle	CME	50,000 lbs.	1971	6.4
Lean Hogs options	CME	40,000 lbs.	2006	4.2
Wheat (HRS)	MIAX/MGEX	5,000 bu.	1883	3.2
Orange Juice	ICE U.S.	15,000 lbs.	1966	0.4
Class III Milk	CME	200,000 lbs.	1996	0.5
Oats	CBOT	5,000 bu.	1877	0.02

Source: CME Group, ICE U.S., MIAX, Futures Industry Association (FIA)

Agricultural Futures Worldwide, 2023

Selected Agricultural Commodities

Commodity	Exchange	Contract Size	Year Started	Volume (mil. contracts)
Soy Meal	DCE	10 tonnes	2004	354.5
Rapeseed Meal	ZCE	10 tonnes	2010	230.6
Palm Oil	DCE	10 tonnes	2007	214.9
Soy Oil	DCE	10 tonnes	2004	203.9
White Sugar	ZCE	10 tonnes	2013	188.6
Rapeseed Oil	ZCE	10 tonnes	2011	185.7
Cotton No.1	ZCE	5 tonnes	2004	165.4
Corn Futures	DCE	10 tonnes	2010	162.6
Wood Pulp	ZCE	10 tonnes	2020	125.8
Natural Rubber	SHFE	10 tonnes	2009	86.8
Milling Wheat	Euronext	50 tonnes	2017	16.6
Crude Palm Oil	Malasia	25 tonnes	1980	14.8
Cocoa	ICE Europe	10 tonnes	2017	7.5
Robusta Coffee	ICE Europe	10 tonnes	2017	5.0
Rapeseed	Euronext	50 tonnes	2017	3.9
Corn Cash Settle	ICE Fut. US	5,000 bus.	2018	3.6
White Sugar	ICE Europe	50 tonnes	2016	3.3
SICOM Rubber	Singapore	10 tonnes	1989	2.6
Cocoa Options	ICE Europe	10 tonnes	2017	2.3

Source: Futures Industry Association (FIA) 2023 Annual Volume Review
ZCE: The Zhengzhou Commodity Exchange, established in 1990, is the first futures marketplace in China.
DCE: The Dalian Commodity Exchange, founded in 1993, is one of the four futures exchanges in China.
SHFE: Shanghai Futures Exchange. All of the trading on SHFE is executed electronically.

Additional context

Organized commodity exchanges now exist across the globe. Some operate as for-profit entities, while others remain non-profit. Exchanges provide a trading venue, establish rules, enforce standards, and disseminate market information. They charge fees on every trade, with members typically paying lower fees.

Over the past 40 years, futures markets have expanded dramatically beyond agriculture. Today, futures markets are central pricing mechanisms for interest rates, currencies, stock indexes, metals, energy, and other industrial goods.

Selected Futures Contracts at the CME Group, 2025

Commodity	Exchange	Contract Size	Volume (mil. contracts)
10 Year Treasury Note	CBOT/CME	100,000 USD	565.5
5 Year Treasury Note	CBOT/CME	100,000 USD	451.8
E-mini S&P 500 Index	CME	50 USD	406.8
Crude Oil	NYMEX/CME	1,000 barrels	224.9
Corn	CBOT/CME	5,000 bushels	109.8

The New York Mercantile Exchange (NYMEX) joined the CME Group in March 2008.

Common characteristics of futures traded commodities

- bulk commodities that can be graded into interchangeable lots
- not processed to the point where they can be branded or identified with an individual firm
- variable prices determined competitively; futures trading does not exist in regulated or fixed-price environments

Storability was once a common characteristic, but not anymore. Live cattle, feeder cattle and soybean meal are examples of non-storable futures-traded commodities.

Exercise #5

Go play the game!