

MU Guide

Interpreting Commodity Futures and Options Price Quotes

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This guide is designed to help producers to understand how to interpret commodity price quotes for futures and options. Those not familiar with futures and options price quotes may find the initial process of interpretation both time consuming and frustrating. The example that follows is for cattle but also applies to grains, oilseeds, cotton, rice and hogs

Futures price quote

Table 1 shows a typical futures price quote page for the Chicago Mercantile Exchange Feeder Cattle Futures Contract. The column headed **Contract** shows the month and year of the feeder cattle futures contract for which the price quote is given. For instance, Jan-99 refers to the futures contract due to expire in January 1999. **Open** represents the opening futures price for the day. **High** represents the high bid for the day. **Low** represents the low bid for the day. **Last** represents the most recent bid of the day. For example, at 10:30 a.m. the last value would be the most recent bid and the high and low would represent the high and low of the day up until 10:30 a.m. **Volume** represents the number of short or long contracts traded up until that time of the day. That is, a volume of 630 indicates 630 short positions and 630 long positions have been taken, sellers equal buyers. **Settle price** represents the final bid price for the most

Table 1. Chicago Mercantile Exchange Feeder Cattle Futures price quotes for 10:30 a.m.

Contract	Open	High	Low	Last	Volume	Settle
Jan-99	67.90	68.15	66.35	67.10	630	67.73
Mar-99	68.00	68.10	66.40	67.15	204	67.70
Apr-99	68.75	68.90	67.50	68.20	88	68.50
May-99	69.55	69.80	68.30	69.00	35	69.48
Aug-99	70.60	70.75	69.70	70.20	14	70.50
Sep-99	70.15	70.35	69.50	69.70	4	70.30
Oct-99	70.50	70.55	69.50	70.15	6	70.45
Nov-99	70.80	71.55	70.50	70.80	1	71.50

recently concluded trading day. Weekly averages are sometimes reported by news services. These prices reflect the low, high, and close for the week. You cannot determine what day the low or high occurred through weekly quotes.

Options price quote

Table 2 shows a typical options price quote page for the Chicago Mercantile Exchange Feeder Cattle Futures Contract. **Strike** represents the price for which the call or put option contract is currently traded. **Open** represents the opening options price for the day. For instance,

Table 2. Chicago Mercantile Exchange Feeder Cattle Options price quotes for 10:30 a.m.

Strike	Open	High	Low	Last	Change	Volume
March 1999 Call						
6800	—	—	2.15	2.15	-500	
7000	1.65	1.65	1.3	1.3	-475	10
7200	—	0.95	0.8	0.85	-300	20
7300	—	—	—	—	UNCH	
7400	0.75	0.75	0.5	0.5	-225	5
7600	0.4	0.4	0.4	0.4	-25	5
7800	0.25	0.25	0.2	0.2	-50	5
8000	—	—	—	—	UNCH	
8200	—	—	—	—	UNCH	
March 1999 Put						
5800	—	—	—	—	UNCH	
6000	—	0.7	0.55	0.7	50	5
6200	1	1.1	0.9	1.1	150	10
6400	—	1.6	1.3	1.6	200	10
6600	2.1	2.3	1.9	2.3	200	10
6800	3.0	3.4	2.7	3.4	450	10
7000	—	4.25	3.8	4.25	200	5
7200	—	—	—	—	UNCH	

the \$1.65/cwt open price for a 7000 call is the price that was bid at the beginning of the day for a \$70/cwt Chicago Mercantile Exchange Feeder Cattle Call option. **High** represents the high bid for the day. **Low** represents the low bid for the day. **Last** represents the most recent bid of the day. For example, at 10:30 a.m. the last value

would be the most recent bid and the high and low would represent the high and low of the day up until 10:30 a.m. **Change** represents the change in bid value from the previous day close. **Volume** represents the number of put or call contracts traded up until that time of the day.

Other Publications on Risk Management

- G 601, *Agricultural Commodity Futures Contract Specifications*
- G 602, *Introduction to Hedging Agricultural Commodities with Futures*
- G 603, *Introduction to Hedging Agricultural Commodities with Options*
- G 604, *Commodity Futures Terminology*
- G 606, *An Introduction to Basis*
- G 607, *Long Hedge Example with Futures*
- G 608, *Short Hedge Example with Futures*
- G 609, *Long Hedge Example with Options*
- G 610, *Short Hedge Example with Options*
- G 611, *Using Commodity Futures as a Price Forecasting Tool*

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