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**Unfair Advantage® and CME
Lead the Way to Internet Analysis and Investing**

CSI is pleased to play a part in the introduction of the E-Mini S&P 500 contract which began trading electronically on September 9 at the Chicago Mercantile Exchange (CME). We'll be providing historical data and daily updates for this and all the CME index markets as part of a special promotion sponsored by the exchange. Many thousands of CME clients and prospects have been mailed packages explaining how to connect to the E-Mini S&P 500 trading site through the Internet. The mailing includes a limited-time trial copy of CSI's Unfair Advantage software on CD-ROM. The combination of accurate historical data and ongoing data warehousing capabilities provided by Unfair Advantage with immediate on-line transactions provided by the CME gives traders unprecedented opportunities.

With current margin requirements of around \$2,100 and easy access through the Internet, the E-Mini S&P 500 is taking off among investors. CME chairman Jack Sandner characterized its traders as *"...computer-adept and financially literate individuals who want to take charge of their assets..."* And take charge they have! Daily volume was reported at 13,192 on the second day compared with the "Maxi S&P" at 119,086 on the same day. From

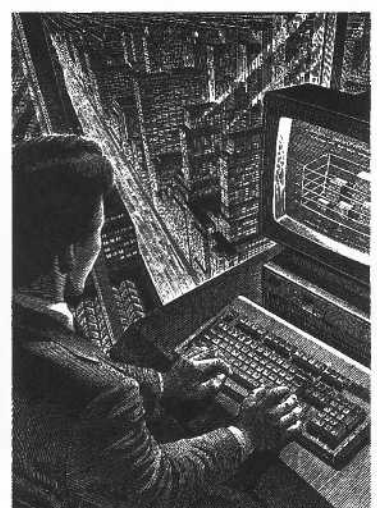
its early planning stages, this contract seemed destined to be successful. It finally gives all traders the ability to initiate trades for their own accounts live over the Internet. Small investors now have the opportunity to participate in the U.S. equity benchmark; a heady pursuit previously reserved for big gun investors and professional money managers.

Jim Mooney of Infinity Brokerage (800-322-8559 or 312-424-6400) is one of many who have given it a try. He tells me that it is surprisingly simple to execute trades over the Internet. Jim used the software offered by his firm for this purpose, but

traders only need open an account through any CME member firm or an authorized Introducing Broker (IB) and get their version of the communication program. Most participating brokers, including Infinity Brokerage, allow interested traders to download the software trading package or demo over the Internet from the firm's web site (www.infinitybrokerage.com is one source).

Whatever software you are using, it will identify you to the exchange, along with your account number, broker, and prearranged monetary account balance. From there, Windows 95 users can observe live trades as they are consummated in the E-Mini S&P 500 "computer pit," and at the same

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time enter a limit price order to buy or sell at a specific price and get an immediate fill. In Infinity's current manner of support, the trader is notified

among the first to get the process to work. They join ZAP Futures (800-441-1616 or 312-456-6476; www.zapfutures.com) which offers a similar service. Both Infinity and ZAP Futures are divisions of LFG, a Futures Commission Merchant that is also a CME Clearing Member firm. Alaron Trading Corp (800-229-3424 or 312-563-8000) with its COMET product (COMputerized Electronic Trading) is another good choice. All of these firms offer similar electronic services on futures markets and are authorized to book trades on the E-Mini S&P 500 market.

Some Drawbacks:

There are some minor procedural and functional limitations to this on-line trading system, which will keep some investors on the phone with their brokers instead of on-line directly to the exchange. As the CME points out, a commodity broker can help you with a wide variety of order types so that you get exactly the type of execution you want. Not all order types are available for the E-Mini S&P contract (no stops or market orders are permitted, for example). With this limitation, you have to watch the unfolding market action closely once the initial side of your trade is executed.

On its web site home page, the CME also reminds us that traders can benefit from a broker's expert advice as to which instruments to trade in a particular market situation. There is no such handholding on the net. A maximum of 30 contracts can be traded at one time, making this ordering system less suitable for the typical large-scale S&P 500 trader.

Floor Trader Discontent

Floor traders on all exchanges have expressed their unhappiness with the current state of affairs in this new E-Mini electronic pit. For one thing, the computer is doing most of the work of matching up orders by time, price, and

Chart 1
Weekly S&P 500
since inception
(back-adjusted)

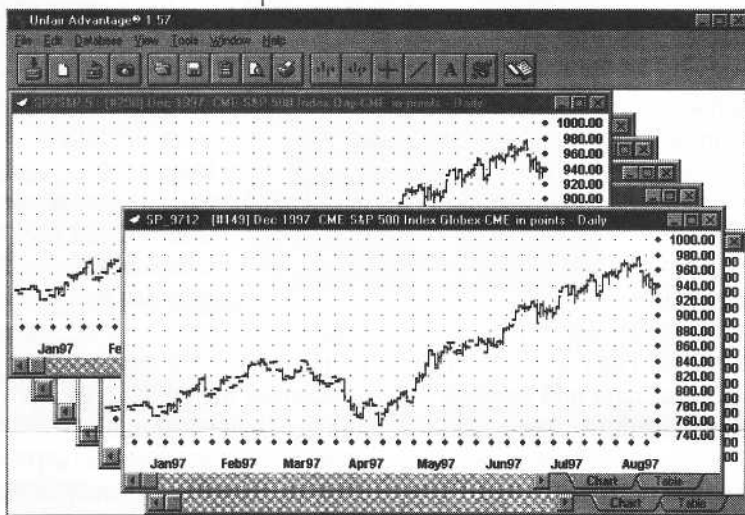


Chart 2
UA portfolio of charts w/daily
Dec. '97 S&P chart shown

of his fill by a prompt return phone call, but in a promised new release, the fill will come back on-line live over the internet as soon as the trader's limit price is reached.

In general, the procedure is similar when dealing with any authorized member clearing firm. The CME promotional version of Unfair Advantage provides a complete list of the CME Member firms authorized to trade on the many CME markets available to the hedger-speculator trader. Infinity is

quantity, assuring that fills are assigned fairly and without bias. There is no peeking at your neighbor's deck, and although someone may find a flaw in the machinery, there is generally little chance for error or manipulation. Because floor traders earn their livelihood by shouting in the pit, some are naturally worried they may be replaced in other markets also.

On their Internet home page, Zap Futures gives a glimpse at the future technology. They explain that their trading software ties into TOPS, which was jointly developed by the Chicago Mercantile Exchange and the Chicago Board of Trade to facilitate electronic order delivery and execution. Eventually, they say, orders routed through TOPS will be delivered instantly to the brokers in the pit via "electronic clerks".

Some say that in only two to five years, all trading will be electronic. Another emerging commodity exchange which is applying to the CFTC for a contract market in live cattle is FUTURECOM (E-mail: trade@futurecom.org). This entity has no connection with the CME which has traded live cattle in their open outcry pits since the early 60s. The Internet has spawned a freight train that no one can stop.

A Web Trader's Day:

A trader using Unfair Advantage to research and trade the E-Mini S&P 500 might have a daily routine like this:

1) Use Unfair Advantage in the evening or early morning hours to update your historical database with the most current daily summary information. The modem update for all world markets takes about one minute via the Internet. UA automatically prepares the CME financial portfolio, including charts and any custom continuous files the user desires. 2) Perform technical analysis with UA's charting features or export files for study with MetaStock, SystemWriter, UA's application pro-

gramming interface (UA's formatless API) or other software of choice. Use this information to plan your trading strategy. 3) Sign onto the E-Mini S&P 500 electronic trading floor. This requires software and an access number provided by the CME member firm holding your funds. 4) Watch the live-action trades go by and, when the market looks favorable for a long or short position, enter your market order at a specific target price. Watch your immediate fill get recorded. Whether you are a hedger who participates to transfer risk or a speculator who assumes risk in hopes of garnering profit, your own clicks of the mouse give you the power to make your own destiny.

Is It Right For You?

The CME suggests that you ask yourself these questions to see if you have what it takes to be a trader: Are you a decision-maker? Do you like a good, intellectual challenge? Are you independent-minded? Can you afford to take risk? I suggest you add the following to decide if the E-Mini S&P 500 is for you: Are you comfortable with your computer? Are you confident enough in your analysis results to make decisions without using a broker as a sounding board? Are you prepared to take responsibility should you make mistakes in order entry? Do you have a very reliable Internet access provider? Do you have the time, desire and diligence to watch the market whenever you have an open position (remember, no stops are permitted in the current CME system)?

There is no physical link between Unfair Advantage and the CME's E-Mini S&P 500 contract. The connection is one of functionality and a common customer base. It came about as a natural result of brainstorming on how to let an investor with a computer gain knowledge of and access to

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Outliers on the E-Mini S&P 500

When is the high/low range not really the high/low range? When it has been artificially adjusted to encompass an outlier settlement price, as often happens in the CME's new E-Mini S&P 500 contract. The official settlement price (close field) for the E-Mini S&P 500 is based on the price of the full S&P 500 contract traded in the CME S&P pit, so it is possible — even likely — that the settlement might be higher than the high or lower than the low. Unlike other services which automatically adjust the daily range to include the settlement price, Unfair Advantage gives its users the option of viewing the actual trading record.

Notice of Unfair Advantage Price Change (For Multiple Daily Accesses and Multiple Accounts)

Due to an unanticipated demand for multiple accesses of Unfair Advantage accounts, we are revising our charges for redundant accesses. These changes are effective immediately and affect ONLY those users who frequently call for updates more than once daily. We continue to offer a six-call buffer to allow for necessary redundant accesses during the month.

We continue to suggest an update time of 8 p.m. eastern time if you require the most complete data set possible, especially if you are concerned with the smaller overseas exchanges. ♦

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a market via the Internet. Unfair Advantage proved an ideal way to provide historical data, ongoing updates, charting and compatibility to potential E-Mini S&P 500 clients.

CME UA Vs Full CSI UA Service

The Unfair Advantage CD being distributed by the CME holds the entire history of about 500 markets, but only those eight involving the CME index futures (including the E-Mini S&P 500) are available for viewing. This software is functional for one to three months if no daily updates are made. The free trial can be extended 30 days at a time (for up to three months) if at least one on-line update is made monthly. At any time during this free trial subscription, the user can subscribe to the full Unfair Advantage system through CSI to receive a User ID and Customer Number. These codes act as a key to unlock the entire data base and allow viewing of the history on virtually everything. Our normal license and subscription fees will apply.

A free demonstration copy of the Unfair Advantage with history on one market is available directly through CSI's Internet home page (<http://www.csidata.com>). Anyone who hasn't received the CME version is invited to download our free Unfair Advantage Demo. We would like to welcome those new subscribers who have come to us through the CME's E-Mini S&P 500 promotion and invite others to accept our free trial offer. ♦

Bob Pelletier

Markets Accessed:	One Daily Update	Two Daily Updates
North American Markets:	No surcharge	\$12/mo. Surcharge
All World Markets:	No surcharge	\$18/mo. Surcharge

Discounted UA License Fees Now Offered for Multiple Accounts

Unfair Advantage is catching on among officemates and we are finding a big demand for multi-user accounts. The UA license agreement specifically calls for single-user, non-networked CPU installations, so sharing is not permitted. However, we are now offering discounted licensing fees for up to four users at the same address. The first account at a single office is priced at our normal rate. The second, third and fourth account pay \$80 license fees for North American markets or \$120 for all world markets. Normal monthly update fees will apply to each account. We hope this price reduction will accommodate multi-user offices. If your business requires more than four UA accounts, please contact our Marketing department for pricing. Many thanks to our UA subscribers for spreading the word!

Update Schedule Revision;

Market indices have not been available in time to assure the published 5:30 p.m. posting. We now recommend a 5:45 p.m. update for these time series. We regret this delay and are working to resume the earlier posting time, which we will do at the earliest possible time.