

# Eurex Futures on Dairy Products: Butter and Skimmed Milk Powder

We expand our agricultural product offering on May 31, 2010, by listing futures contracts on butter and skimmed milk powder. In this product segment, futures on piglets and hogs as well as potatoes have been available for trading at Eurex since July 2009. The overall commodities product range also includes derivatives on gold and silver, electricity, emissions, as well as on the Dow Jones-UBS Commodity Index<sup>SM</sup> family.

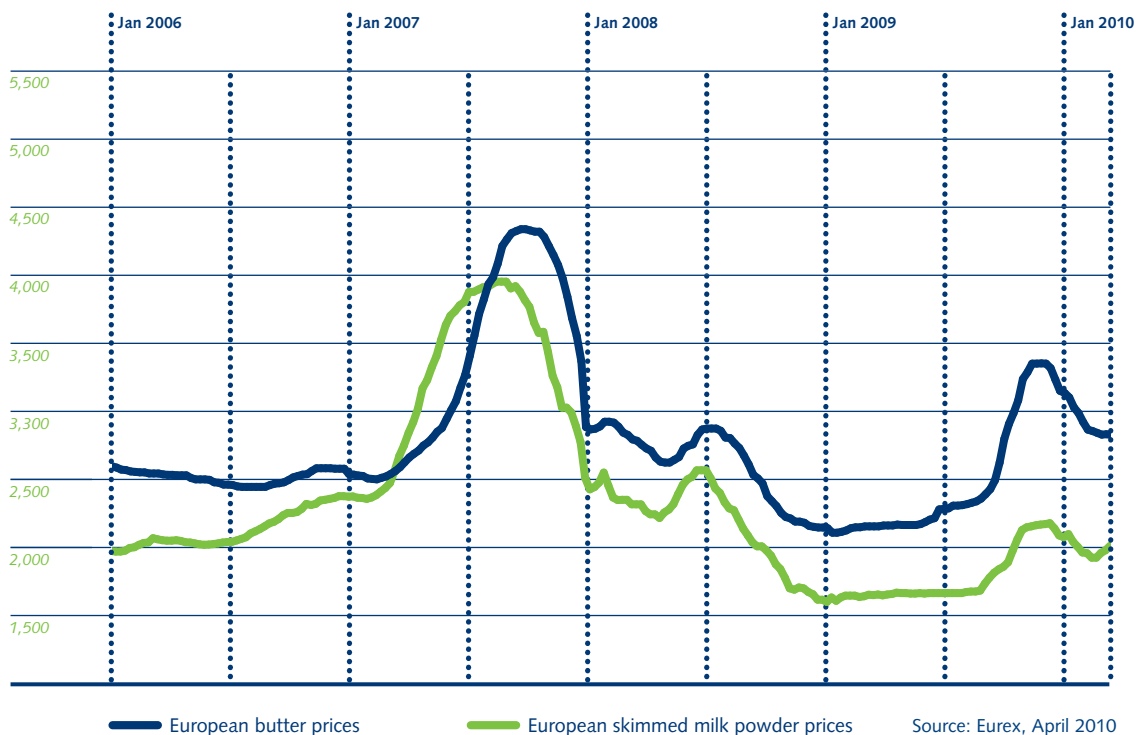
The new futures contracts offer the opportunity to all those active in the dairy industry – producers, wholesalers and processors alike – of containing the growing price risks, and thus to protect their pricing and limit costs. From an investor's perspective, the low degree of correlation between commodity markets and traditional asset classes such as equities and bonds offers benefits when using agricultural futures to broaden their diversification. Investors can profit from rising or falling market prices, to enhance or boost income independently from capital market developments.

Agricultural markets are primarily driven by the following trends:

- Increasing earnings volatility due to climate change, and leading to instability in the availability of animal feeds
- Growing demand for animal products and convenience foods
- Deregulation of European agricultural markets
- Phase-out of government-sponsored market stabilization programs

Price trends for butter and skimmed milk powder illustrate the dynamic performance of the European dairy market.

**European Butter and Skimmed Milk Powder Prices – January 2006 to January 2010 (EUR per Metric Ton)**



## Cash Settlement of Butter and Skimmed Milk Powder Futures

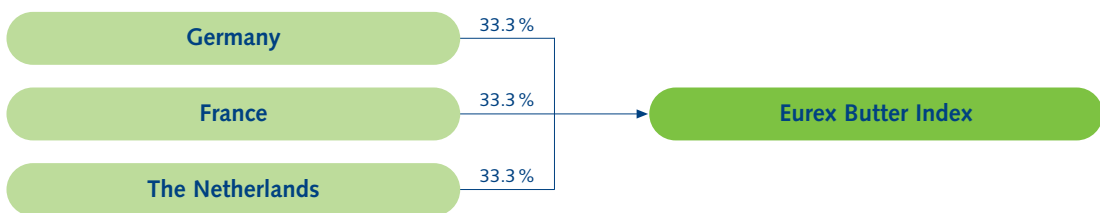
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At maturity, futures on butter and skimmed milk powder are settled in cash, based on a reference price that reflects the (spot market) value of the actual commodity. Both futures contracts are based on market price indexes designed to enhance market transparency.

## Eurex Butter Index – Underlying Instrument for Butter Futures

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Butter futures positions which have not been closed out at the end of the Last Trading Day are settled in cash, based on the Final Settlement Price. This price is identical to the Eurex Butter Index, which includes the following components:

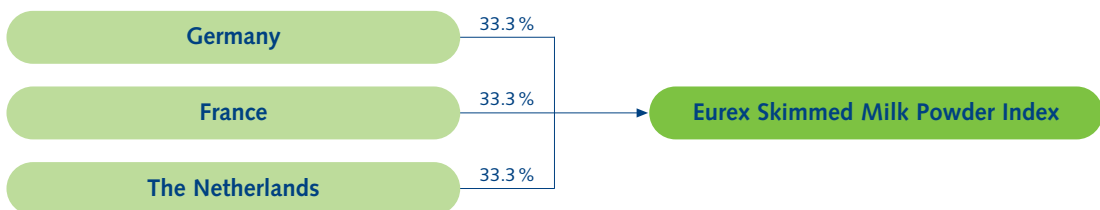


The index calculation process is built on the basis of established price-determination mechanisms in the respective countries; the Eurex Butter Index is equivalent to the mean value of these price determinations. Quotations in these countries are very strongly correlated; historically, correlation has been between 95 and 99 percent.

## Eurex Skimmed Milk Powder Index – Underlying Instrument for Skimmed Milk Powder Futures

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The Eurex Skimmed Milk Powder Futures are based on the Eurex Skimmed Milk Powder Index, which in turn reflects the market risk for skimmed milk powder used for food production in the European Economic Area. It comprises the following components:



In line with the Eurex Butter Index, the Eurex Skimmed Milk Powder Index incorporates recognized price determinations in Germany, France and the Netherlands, with the index being determined as the un-weighted mean of these quotations. Historically, correlation amongst these quotations has been between 98 and 99 percent.

The new derivatives contracts provide both hedgers and investors with a tool to quantify basis risk: Butter and Skimmed Milk Powder Futures therefore offer reliable mechanisms to hedge prices and profit margins.

## Contract Specifications

Futures on	Butter	Skimmed Milk Powder
Product ID	FBUT	FSMP
Product ISIN	DE000A1DKGY6	DE000A1DKGX8
Underlying	Eurex Butter Index	Eurex Skimmed Milk Powder Index
Contract Size	5 metric tons	
Currency	EUR	
Notation	EUR per metric ton	
Price Quotation and Minimum Price Change	In points; the minimum price change is 1 point, equivalent to a value of EUR 5.	
Contract Months	Up to 18 months: the six nearest maturity months of the January, April, July and October cycle.	
Last Trading Day	Last Trading Day is the Final Settlement Day.	
Final Settlement Day	The last Wednesday of the respective maturity month, if this is an exchange day; otherwise the exchange day immediately preceding that day.	
Settlement	Cash settlement, based on the difference between the Final Settlement Price and the settlement price of the previous exchange day.	
Final Settlement Price	Value of the respective index on the Final Settlement Day at 19:00 CET.	

### Trading Hours (CET)

Futures on	Butter and Skimmed Milk Powder
Pre-Trading Period	09:00–09:50
Continuous Trading	09:50–18:30
Post Trading Full Period	18:30–19:00
EFPI Trading	10:00–19:00
Last Trading Day: Trading until	12:00

## Service Offer for EFPI Trades

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Exchange for Physicals trades comprise a commodity leg and a futures leg. They can be agreed upon between producers and buyers, as well as between wholesales and processors. Against delivery of a defined quantity of physical commodities (for example, skimmed milk powder), the parties to an EFPI trade agree to exchange a corresponding quantity of futures contracts.

The Exchange for Physicals (EFPI) Facility permits market participants to benefit from the same advantages of standardized clearing for their EFP trades – specifically, minimized credit and counterparty risk exposure – as they do when engaged in exchange trading.

## Contacts

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For more details, visit [www.eurexchange.com](http://www.eurexchange.com).

## Reduced Exchange Transaction Fees

No trading and clearing fees until the end of July 2010.

50 percent reduction in transaction fees from August to October 2010.

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