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CME Group Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) And we will take our first question from Roger Freeman with Barclays Capital.

Roger Freeman – Barclays Capital

Hi good morning. Okay I guess question number one, as everybody likes to talk about CDS I will ask mine, what do you think about an opportunity to create an E-mini version of a CDX index product, a smaller notion, but the problem with CDX is the average trade size is \$15 million to \$20 million that doesn't apply to a lot of smaller institutions or professional traders of retail, and that is something that you can do to take advantage of your trading platform wouldn't require dealer support since you don't have any, what do you think about that?

Craig Donohue

You know Roger I think – it is Craig, my thought on that this is that your credit default swaps primarily at the moment is a largely institutional market and what we're trying to do is try to work with the institutional customers and the dealers in that market to essentially facilitate central counterparty clearing of contracts as they're currently structured with some degree of standardization, but not with a view towards trying to transform their market into a market that would have a broader base of participants, at least not for the moment.

Robert Freeman – Barclays Capital

Okay that is helpful thanks. And then my second question I guess around the interest rate volume's, there is some interesting stats you saw around April, I guess one – so you know you talked in the past about so there being a correlation between issuance, volume, and trading sort of hedging volume in the interest-rate futures and we know that, you know mortgage rate volume's are picking up treasury issuance as you point out is picking up.

One of the things we are hearing is that maybe there is some traders are setting out on the treasury side because it concerns about the government about to FED, you know actually buying \$300 billion worth of that issuance back in and how that might impact markets and basically wherever government is interfering, private market is we are seeing in many aspects just as part of sitting out do you think there is an impact there?

Craig Donohue

Roger I think if you look at kind of the open interest in the ten-year treasury you note, you can see some of the impacts we think at least talking to some banks and some customers of the refine business, so I think you are spot on there looking at that activity.

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