

English For Investors

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Futures English
期货英语

祝吉芳 编著

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前 言

本书为 English For Investors (投资者英语系列教程)的第2册。书中课文和阅读材料主要选自美国近年出版的有关期货书籍,旨在帮助读者提高阅读期货英语书刊的能力,扩大期货英语词汇量,丰富期货业务知识。

本书共分12个单元,2个附录,可供财经院校、综合性大学经济学院以及英语专业学生课堂学习,也可供自修之用。课文和阅读材料均选自国外有关近作,除个别地方为使上下文衔接紧凑而略作修改外,尽量保持原作风格。每单元课文后附有 Word Study,以便读者掌握更多的期货英语词汇。“Exercises”后为便于读者扩大期货业务知识面附有阅读材料。书末还设有课文译文,聊供读者参考。此外,书末2个“Appendix”均为期货交易价格分析中必须完成的功课,可供参考之用。

限于编者的水平,加以时间仓促,错误之处祈请各位同行和读者予以批评指正。

编 者

1993年7月

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Unit 1

Commodity Futures Contracts

A commodity futures contract is a legal agreement between a buyer and a seller of a commodity. The contract stipulates that the seller will deliver to a designated location a designated quantity of a designated commodity or goods at a designated price within a designated month. For example, seller A agrees to deliver to buyer B at a warehouse in Chicago 5000 bushels of wheat at 174¢ per bushel in December of next year, and buyer B agrees to accept the delivery. Such a contract would be called “a December contract for Chicago wheat.”

Commodity futures contracts are also negotiable securities that can be bought and sold for a profit or loss. Investors who buy and sell such securities earn their profits in the same way as common stock traders; they buy a security at a low price and sell it at a higher one. Only members of a commodities exchange can buy or sell futures contracts. Therefore, if you wish to buy or sell a commodity futures contract, you must pay a commodities broker a commission to have the transactions conducted for you on the floor of a commodity exchange. Orders to buy or sell a futures contract are initiated simply by calling a commodities broker, opening an account, and then phoning in your orders.

Commodity futures contracts are called simply “futures” or “contracts” by people who trade them actively. Futures contracts are like shares of common stock in certain ways. Futures and shares of stock are both marketable securities, they both represent claims on assets, and their market prices fluctuate constantly. However, futures contracts are different from common stocks in that futures entitle the owner to receive delivery at a future date whereas a stockowner’s claim on a share of stock begins immediately upon purchase. Another difference is that the owner of a futures contract has a claim on a stipulated quality and quantity of an interchangeable commodity rather than on specific corporate assets.

Commodity futures contracts are legal contracts. The terms of the contract (namely, the type and quality of the commodity, the sale price, the quantity sold, and related details) cannot be changed once the contract is initiated. But a futures contract can be sold to a new buyer. Thus, a party who initiates a December contract for Chicago wheat at 174¢ per bushel for 5000 bushels can sell that contract to another buyer at a price per bushel that is above, below, or the same as the 174¢-per-bushel price. In this case, the original seller would make delivery as planned, except that the delivery would be made to the contract’s new owner. The contract’s original buyer would experience a profit, a loss, or neither, ac-

cording to whether the price at which the original buyer sold the contract was above, below, or the same as, respectively, the 174¢-per-bushel price paid for the contract.

The buyers and sellers of futures contracts need not check each other's credit or worry whether or not the delivery will be made as planned. The clearing house of the commodity exchange functions as a middleman in every transaction. This is accomplished by creating two futures contracts for every buy-sell transaction, with the clearing house as an intermediate buyer and seller. Thus, the commodity exchange's clearing house makes delivery to all buyers and is the buyer that pays all sellers when they make their scheduled deliveries. If a buyer or a seller defaults on a contract in any respect, the clearing house completes the transaction as stipulated in the contract. Then, the clearing house sues the defaulted buyer or seller for any costs incurred in meeting in the contract's terms. Because the clearing house guarantees that delivery on the contract will be made as stipulated, commodity futures contracts can be sold and resold quickly and easily, without credit investigation of every seller and buyer.

New Words & Expressions

commodity futures contract 商品期货合约, 商品期货合同

stipulate *v.* 规定, 讲定, 约定

deliver *v.* 送发, 发货, 运交

good *n.* 商品

designated location 固定地点, 指定地点

designated month 固定月, 指定月

bushel /'buʃl/ *n.* 蒲式耳(容量名, 合8加仑)

delivery *n.* 送货

negotiable securities 流通证券

profit or loss 损益

commodity exchanges (农产品等的)期货交易, 商品交易所

commodity broker 商品经纪人

commission *n.* 手续费

floor of a commodity exchange 商品交易所

initiate *v.* 发起

marketable securities 畅销证券

claims on assets 要求对资产的所有权

specific corporate assets (具体的)明确的法人资产

a December contract for Chicago wheat 芝加哥小麦12月合同

original seller 原卖方

clearing house 票据交易所, 交易清算部

middleman *n.* 经纪人, 传播者

intermediate buyer 中间买方

scheduled deliveries 如期交货

incur *v.* 招致, 使...陷入

credit investigation 信誉调查

Notes

1. futures: things bought and sold for delivery at a future time. This term is often used in connection with stock-market speculation.

2. delivery: 递交或转交行为, 递交前是不完全的、可撤销的, 递交后方能使之生效。

Word Study

commodity

commodity 货品, 物品, 商品

commodity dollar 商品美元

commodity exchange 商品交易所, (农产品等的)期货交易

commodity money 商品货币

delivery

delivery ①分送 ②交纳 ③交付, 交付之物

cash on delivery (C. O. D) 货到付款

delivery book 交货簿, 送货簿

delivery boy 少年送货员

deliveryman 送货员

delivery on term 定期交货

delivery order 出栈凭单

delivery receipt 送回执条

delivery room 交付或交纳之地方

clearing

clearing 结算, 票据交换

in clearing 收进清算票据

out clearing 送出清算票据

clearing bank 清算银行

clearing house 票据交换所

Clearing House Automated Payments System (CHAPS) 票据交换所自动付款系统

Clearing House Interbank Payment System (CHIPS) 纽约银行同业清算系统

Exercises

I. Answer the following questions:

1. What is a commodity futures contract?
2. What are the differences between a commodity futures contract and a common stock?
3. Explain "a December contract for Chicago wheat".
4. Why do the buyers and sellers of future contracts not necessarily check each other's credit?
5. What is a clearing house? What role does it play in every transaction?
6. Explain why the terms of a commodity contract cannot be changed.
7. Under what condition would the contract's original buyer experience a profit?
8. What if a buyer or seller defaults on a contract?

II. Translate the following into English:

- | | |
|------------------|-------------|
| 1. 一份法律合约 | 2. 损益 |
| 3. 手续费(佣金) | 4. 售量 |
| 5. 售价 | 6. 每蒲式耳10美分 |
| 7. 期货交易 | 8. 每一笔买卖交易 |
| 9. 违章客户 | 10. 流动证券 |
| 11. 一份12月芝加哥小麦合同 | 12. 商品期货合约 |

III. Translate the following English sentences into Chinese:

1. The seller will deliver to a designated location a designated quantity of a designated commodity or goods at a designated price within a designated month.
2. Such a contract would be called “a December contract for Chicago wheat”.
3. Futures contracts are also negotiable securities that can be bought and sold for a profit or loss.
4. Futures contracts are different from common stocks in that futures entitle the owner to receive delivery at a future date whereas a stockowner’s claim on a share of stock begins immediately upon purchase.
5. The terms of the contract cannot be changed once the contract is initiated.
6. The original seller would make delivery as planned, except that the delivery would be made to the contract’s new owner.
7. The clearing house of the commodity exchange functions as a middleman in every transaction.
8. If a buyer or a seller defaults on a contract, the clearing house completes the transaction as stipulated in the contract.
9. The clearing house sues the defaulted buyer or seller for any costs incurred in meeting in the contract’s terms.
10. The contracts can be sold and resold, without credit investigation of every seller and buyer.

Reading Material

BRAZIL COFFEE CONTRACT (FORM)

(Variable Differentials)

New York _____ 19_____
(has) (sold)
_____ (have) this day (bought)

and agree to (deliver to)
(receive from)

32,500lbs. (in about 250 bags) of Brazilian COFFEE shipped through the ports of Santos, Paranagua, Angra dos Reis de Janeiro, grading from No. 2 to No. 6 inclusive, provided the average grade shall not be above No. 3, nor below No. 5. Nothing in this contract, however, shall be constructed as prohibiting a delivery averaging above No. 3 and the premium for No. 3 grade. No premium shall be allowed for Softish Coffee grading above No. 4.

At the price of _____ cents per pound for Santos No. 4, Strictly Soft, Fair to Good Roast, Solid Bean with additions or deductions for grades, ports of shipment and descrip-

tion (quality) according to the differentials established or to be established by the Committee on Coffee of the New York Coffee and Sugar Exchange for the delivery month specified below in accordance with Section 88(8)(a) of the By-Laws of said Exchange. The delivery must consist of Coffee from one port only.

The Coffee to be Fair to Good Roast, Solid Bean, and the description (quality) to be Strictly Soft, Soft, or Softish. No delivery permitted of Hard Coffee.

Deliverable from licensed warehouse in the port of New York between the first and last days of _____ inclusive, the delivery within such time to be at the seller's option upon either five, six or seven days' notice to the buyer as prescribed by the Trade Rules.

Either party may call for margin as the variations of the market for like deliveries may warrant, which margin shall be kept good.

This contract is made in view of, and is in all respects subject to, the By-laws, Rules and Regulations of the New York Coffee and Sugar Exchange, Inc.

(Across the face is the following):

(Brokers)

For and in consideration of One Dollar to _____ in hand paid, receipt whereof is hereby acknowledged, _____ accept this contract with all its obligations and conditions.

New Words & Expressions

variable differential 变化无常的差别

premium /'pri:mjəm/ *n.* 超过票面之价格, 溢价

average grade 标准品, 平均品级

No. 3 grade 3号咖啡(品)

the New York Coffee and Sugar Exchange
纽约咖啡和糖交易所

licensed warehouse 特许仓库

option *n.* 选择权

prescribe *v.* 规定

margin /'mɑ:dʒin/ *n.* 保证金

call margin 追缴保证金

warrant *v.* 证明...为正当

by-law 次要的法规, 附则, 细则

trade rule 交易规则

notice *n.* 选期通告, 预告

the Port of New York 纽约港

delivery month 交货月

Proper Names

Brazil 巴西

Santos 桑托斯(巴西地名)

Paranagua 巴拉拉瓜(巴西地名)

Angra dos Reis de Janeiro 巴西一地名

Unit 2

The Commodities Traded

Commodities that are actively traded in the futures markets include both the traditional ones (that is, farm products) and the newer financial commodities.

Some of the actively traded farm commodities are:

Meats: Unsliced bacon (hog bellies), Beef (carcasses and live), Broiler Chickens.

Other food goods: Sugar, Coffee, Patatoes, Coca, Orange-juice concentrate, Soybean meal, Soybean oil, Rice.

Grains: Wheat, Corn, Soybeans, Barley, Oats, Rye, Rapeseed, Flaxseed.

Fibers: Cotton, Hemp.

The financial commodities traded in futures markets are:

Foreign currencies: British Pound, Canadian Dollar, Deutsche Mark, Dutch Guilder, Swiss Franc, Mexican Peso, Eurodollar, Japanese Yen.

Financial indexes: Stock market indexes, Consumer price indexes.

Bonds: U. S. Treasury bonds, U. S. Treasury notes, U. S. Treasury bills, Commercial paper.

U. S. government agency mortgage securities and certificates of deposit; Ginnie Mae certificates, Bank certificates of deposit.

Money is a commodity. Like wheat or corn or any other commodity, money has one price for current delivery and a different price for future delivery. The difference between the current price and the future price of money is essentially the market interest rate — or basis — for the commodity called money.

Various other commodities are traded, including Metallic commodities (Gold, Silver, Platinum, Copper), Wood (Plywood, Stud lumber) and Rubber.

When we say a given commodity is “traded successfully” we are speaking from the point of view of the commodity exchange. Successfully traded commodity futures contracts are those that enjoy sufficient trading volume to make active markets for the contract and to earn enough in trading fees to pay the commodity exchange’s cost of keeping the market operating. In general, the following statements apply to actively traded commodities:

- The commodity should be gradable into homogeneous quality categories. This means that one lot of any commodity such as a boxcar load of sugar should be interchangeable with any other lot of that commodity.

- Raw materials such as wheat are traded successfully more frequently than finished

goods such as flour. Money is also a raw material; it is used to produce a finished product called profits. Money futures are traded, but not profit futures.

- The commodity's cash market price should be determinable by a clear price discovery process; there should be no arbitrariness about the price. For example, the price should be determined by supply and demand facts rather than by the whim of an individual or by a secret process.
- Storability is important; perishable commodities such as fresh flowers cannot be stored or shipped easily. Since commodity speculators endeavor to buy at a low price and sell at a high price, they want commodities they can hold in storage cheaply until prices rise.
- The commodity must exist in volume. Rare objects such as art objects cannot generate the trading volume needed to sustain an active market.
- Large amounts of risk capital must be committed to carrying the risky inventories needed to make liquid markets. That is, speculators must be willing to invest millions of dollars in inventories that will fluctuate in value in order for them to be able to buy and sell the commodity and thus make a market in it.
- The futures contract should be conveniently written for both buyer and seller. Contracts cannot be written in such dense legal language that only lawyers can read them.
- The commodity should be cheaply transportable. The marketability of a commodity is maximized if it can be shipped inexpensively to buyers.
- The price of the commodity must be volatile. The more that the price of a commodity fluctuates, the more that speculative trading will occur.
- The commodity should be readily describable. There can be no ambiguity about what is going to be delivered.
- A liquid cash market where the physical commodity is traded should be active before trading in commodity futures contracts is initiated. Speculators who accidentally receive delivery of a commodity contract they don't want can quickly sell the goods, and the cash price of the commodity is easily determined if a liquid cash market exists for the goods.
- The public needs to be educated about the commodity and its futures contract. No one will invest in something they don't understand.

Most of these statements apply to most actively traded commodities. But everyone of the statements above does not apply to every successfully traded commodity. The above list merely suggests what is usually required to trade a contract successfully.

Usually any given commodity is traded successfully at only one U. S. commodity exchange. For example, the Chicago Mercantile Exchange is primarily a meat market, although it also successfully trades other commodities. There are exceptions to this tendency, however; wheat and several other commodities are traded successfully on various U. S.

commodity exchanges. Most major commodities are also successfully traded on foreign commodity exchanges.

New Words & Expressions

farm product 农产品 (= farm commodity)

financial commodity 金融商品

unsliced bacon 整块熏猪肉, 猪腩

hog belly 猪肚

carcasses and live /laiv/ 死的和活的

broiler chicken 专供烧烤的嫩鸡

oat *n.* 燕麦

rye /rai/ *n.* 裸麦, 黑麦

rapeseed /'reipsi:d/ *n.* 油菜籽

flaxseed *n.* 亚麻籽

hemp *n.* 大麻

foreign currency 外汇

British Pound 英镑

Canadian Dollar 加元

Deutsche Mark 德国马克

Dutch Guilder 荷兰盾

Swiss Franc 瑞士法郎

Mexican Peso 墨西哥比索

Eurodollar 欧州美元

Japanese Yen 日圆

consumer price index 消费品价格指数

commercial paper 商业票据

certificates of deposit 证券存单

Ginnie Mae 政府全国抵押协会

bank certificate of deposit 银行存单

basis *n.* 市场基差

platinum *n.* 铂, 白金

plywood *n.* 三夹板

stud lumber 装饰木材, 建筑木材

successfully traded commodity futures contract 成交了的商品期货合约

trading volume 交易量

trading fee 交易费

gradable *adj.* 可分等级的

homogeneous *adj.* 同类的

one lot of 一组, 一批(货物)

boxcar *n.* 货车车厢

finished goods 成品

raw material 原材料

supply and demand 供需

whim *n.* 怪念头, 突发奇想

storability *n.* 贮藏

perishable commodity 易腐烂商品

volatile *adj.* 多变的

speculative trading 投机性交易

liquid cash market 流动现金市场

the physical commodity 实物商品

Notes

1. traditional commodities; farm commodities

2. Ginnie Mae; Government National Mortgage Association

Word Study

credit

credit ①信托, 信任②信用③存款, 贷方

④名誉, 名望, 光荣⑤缓付款的期限⑥贷款

credit agency 徵信所
 credit card 记帐卡,信用卡
 credit insurance 债权保险
 credit man 信用部工作人员
 credit manager 信用部主管
 credit rating 信用估计
 credit sale 赊卖
 credit standing 信誉
 creditor nation 债权国

trade

trade *n.* ①同行者,同业者②贸易,商业③交易,买卖④市场⑤行业 *v.* ①交易,贸易,交换②买,购物
 trade off 卖掉
 trade on 利用
 tradable 可交换的

trade acceptance 商业承兑票据
 trade balance 贸易平衡
 trade deficit 贸易逆差
 trade discount 同业折扣,批发折扣
 trade gap 贸易差额
 trade-in 折价物
 trade-off 一半一半的机会(成功失败之机会相等)
 trade price 批发价格
 trader ①商人,贸易者,交易者②商品和股票投机者
 tradesman 技术工人,手艺人
 trade union 工会,职工协会
 trade board 劳资协议会
 trade fair 商展

Exercises

I. Answer the following questions:

1. Why is money regarded as a commodity?
2. What is a basis?
3. Explain why there are no futures markets for fresh flowers. Does the absence of such markets mean that no speculation in these commodities occurs?
4. Why do some speculators welcome volatile prices of commodities?
5. Compare and contrast selling a futures contract without owning an inventory in the commodity and selling a common stock.
6. What are the traditional commodities that are actively traded in the futures markets?
7. Why is a financial index regarded as a commodity?
8. Must the commodity exist in volume? Why?

II. Translate the following into English:

- | | |
|-----------|-----------|
| 1. 期货市场 | 2. 金融商品 |
| 3. 食用商品 | 4. 欧州美元 |
| 5. 荷兰盾 | 6. 德国马克 |
| 7. 金属商品 | 8. 交易量 |
| 9. 利润期货 | 10. 易腐烂食品 |
| 11. 商品投机商 | 12. 风险资金 |

III. Translate the following statements into Chinese:

1. Both the traditional ones (that is ,farm products) and the newer financial commodities are actively traded in the futures markets.
2. Like wheat or corn or any other commodity ,money has one price for current delivery and a different price for future delivery.
3. Various other commodities are traded,including Metallic commodities ,Wood and Rubber.
4. The commodity should be gradable into homogeneous quality categories.
5. Money futures are traded,but not profit futures.
6. The price should be determined by supply and demand facts rather than by the whim of an individual or a secret process.
7. Since commodity speculators endeavor to buy at a low price and sell at a high price , they want commodities they can hold in storage cheaply until prices rise.
8. The marketability of a commodity is maximized if it can be shipped inexpensively to buyers.
9. A liquid cash market where the physical commodity is traded should be active before trading in commodity futures contracts is initiated.
10. There are exceptions to this tendency,however;wheat and several other commodities are traded successfully on various U. S. commodity exchanges.

Reading Material

Trading Futures

The very thought of trading commodities futures terrifies some beginning investors. After all,what in the world does anyone do with 5,000 bushels of wheat? That's a lot of bread. And it comes at a cost of about \$13,000 — also a lot of bread!

Actually very few investors ever take delivery of commodities. They sell their contracts before delivery occurs. If they do take delivery,the commodities are stored in bonded warehouses,rather than being dumped on their front yard. And they seldom pay the full amount of the contract value. Instead they deposit 6 to 10% of the purchase price as good-faith money. On November 22,an investor could have purchased a wheat contract with only \$1,250.

Liz Jones thinks sugar prices will increase during the coming year. In November she buys one October sugar contract,paying a price per pound of 9.40¢. Although the total value of the contract equals \$10,528,her broker asks for a deposit of only \$2,000.

Over the following 3 months sugar steadily moves higher in price. At the end of January the October sugar contract closes at 18¢ , and Liz sells her contract . Since she paid 9.4¢ a pound and now sells it for 18¢,the gain on each pound of sugar equals 8.6¢. Total profit on the contract amounts to 8.6¢ times 112,000 pounds,or \$9,632 — a pretty sweet

showing.

Unfortunately, Liz's gain is Bob Smith's loss. Bob Smith originally sold Liz Jones the sugar contract (both parties to a transaction remain anonymous until delivery). Like Liz, his only interest in sugar stems from the profit potential inherent in futures. He has no intention of ever delivering sugar to anyone. Long before his commitment comes due, he plans to buy back his contract, at a much lower price he hopes.

By the end of January, Bob thoroughly regrets his sale of October sugar. He has lost \$9,632, and lately he has been lying awake at night, unable to sleep. If sugar goes much higher, he will be squeezed right out of the market and most of his life savings.

New Words & Expressions

bonded warehouse 保税仓库

take delivery 卖出货物

the purchase price 购买价

good-faith money 善意货币, 善意金钱

close at 18¢ 以18美分结束交易(或闭市)

Unit 3

Participating in Futures for Profits

Commodities futures traders earn profits the same way as common stock traders, by buying a security at a lower price than they sell it for. For example, if you buy General Motors stock for \$48 per share and sell it for \$55, you make \$7 per share profit before commissions are deducted. Likewise, if you buy a silver futures contract for 5000 ounces at a price of 822¢ per ounce and sell it before its delivery date at a price of 852¢ per ounce, you make a profit of 30¢ per ounce — that is \$1500 profit before commissions. However, if you have the misfortune to sell the silver future at 802¢ an ounce after buying it at 822¢ per ounce, you lose 20¢ an ounce plus your commission cost.

There are three basic types of people who involve themselves in buying and selling commodity futures contracts:

Speculators trade solely for fun or profit. They have no intention of ever taking or making delivery of any of the commodities. Most speculators in commodity futures trade actively and seldom maintain a position in any one contract for any length of time. Some of them even concentrate on daily price moves and get out the same day they get in. These so-called scalpers settle for small profits (and losses).

Floor traders buy and sell futures contracts on the floor of a commodity exchange. Because of their membership on the exchange, they pay reduced commissions on their trades. Or they execute orders from brokerage house for a small commission.

Hedgers provide the economic justification for futures markets. They use the futures markets to reduce risk. Many of these hedgers hold large inventories of commodities. For example, soft-drink manufacturers always maintain considerable supplies of sugar in order to satisfy production needs. Large fluctuations in sugar prices translate into gains and losses extremely unpredictable, but they are almost certain to eventually create a financial crisis for any company. For that reason, soft-drink manufacturers prefer to transfer the commodity price risk of sugar to speculators and concentrate on more productive and predictable operations like bottling and canning soda.

Speculators buy and sell futures contracts actively and make only small down payments called margins to bind their purchases of contracts. When commodity exchanges officials fear that aggressive speculators may be buying futures with only small margins as down payments and that they may not have the money to pay for their commitments in full, the officials curtail such overaggressive speculation by raising the margin require-