

Inside CME Group: Last Quarter's Progress.

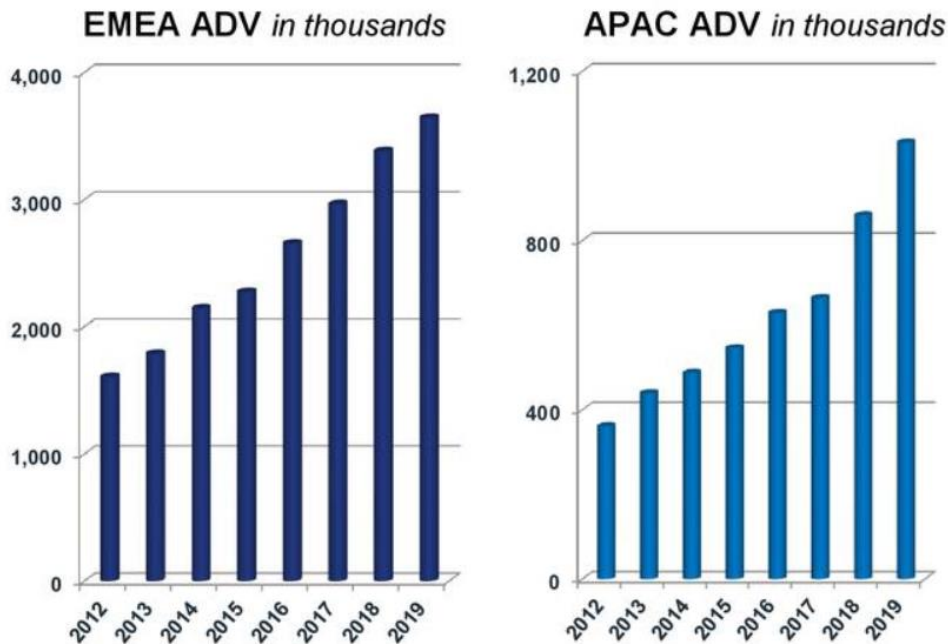
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CME Group's fourth quarter revenue was down 8% from a year ago. However, the fourth quarter of 2018 saw record volume for CME's future and option products since it was such a heavily traded quarter, so it was somewhat expected that 2019's relatively calm trading quarter would produce less revenue. For the full year, CME still posted 13% overall revenue growth and increased its dividend by 13%. The following are 2019's highlights, showing how CME is clearly progressing on its priorities: to launch new products, to gain market share and increase volumes on its existing products, and to expand its non-US market.

- 40 trading days with over 25 million contracts traded, up from 2018's 35 days.
- Annual volume records in interest rate products, metals, and total options.
- Non-US volume up 10%, with all 6 product lines seeing growth from outside the US (see graph below, showing the impressive yearly volume gains from Europe and Asia).
- Total expenses coming in below original guidance by \$13 million.
- 10% of CME's ADV (average daily volume) for the year came from new products launched in the last decade.

CME's International Growth Since 2012: Europe and Asia

Annual Volume Trend



The beginning of 2020 has so far been good for CME: even before late February's market madness, overall volumes are up 10%, with higher rate products up the most (metals up 50%, energy up 20%, and agriculture products up 10%). With oil prices falling from in the \$60s to in the \$40s, oil companies are flocking to CME's future and options to protect the risk from falling prices. The spread of African swine fever has created unusual volatility in the pork market. CME increased daily trading limits on its pork products to help traders manage the volatility. In mid-2019, CME adjusted the minimum price increments

for several foreign exchange products, like the US dollar/euro products. Trading volume for those products increased immediately, so CME is now doing the same for other currencies.

These are all examples of CME's business model working: having a large variety of products to take advantage of market conditions and making those products as beneficial to its customers as it can. This is a company which operates in a very attractive industry and carries out each step in its long-term plan, year after year.

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