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Wolff's Guide
to the
London
Metal
Exchange



Metal Bulletin
Books Limited

WOLFF'S GUIDE TO THE LME

ERRATA

- | | | |
|------------------|-------|---|
| p. 46 | l. 2. | This sentence should read as follows: A reply of "yes" to a bidder or offeror of a price without a tonnage also means that 20 warrants is acceptable, but only with that bidder or offeror and excludes a commitment to the rest of the Ring. |
| p. 52 | | The publishers regret that the inversion of this page hinders its reading in conjunction with page 53. Text reference to the form appears on page 214. |
| p. 55 | l. 12 | After "page" insert 158. |
| | l. 13 | For "1964-1974" read 1969-1976. |
| | l. 14 | After "page" insert 158. |
| | l. 15 | For "1967" read 1969 and for "1968" read 1970. |
| p. 63 | l. 6 | For "pricing book. (He is . . ." read pricing book, he is . . . |
| p. 76 | l. 1 | For "Contango z - (c + Cx)" read Contango z - (x + Cx). |
| p. 110 | l. 23 | For "scrap metal fabricator" read scrap metal merchant or fabricator. |
| p. 111 | l. 14 | For "close-ended" hedge read "open-ended" hedge. |
| p. 127 | l.1. | For "Community" read Futures. |
| p. 147 | l. 28 | For "2.5p" read 4.65p. |
| p. 150 | l. 14 | For "Figure A" read Figure B. |
| p. 152 | l. 5 | For "I have drawn a number of trendlines read A number of trendlines can be draw |
| p. 255 | l. 2 | For "J. Gourley" read J. Gourlay |
| pp.259, 266, 267 | | Contract details on these pages duplicat on pp. 241, 244 and 245 and should be if |

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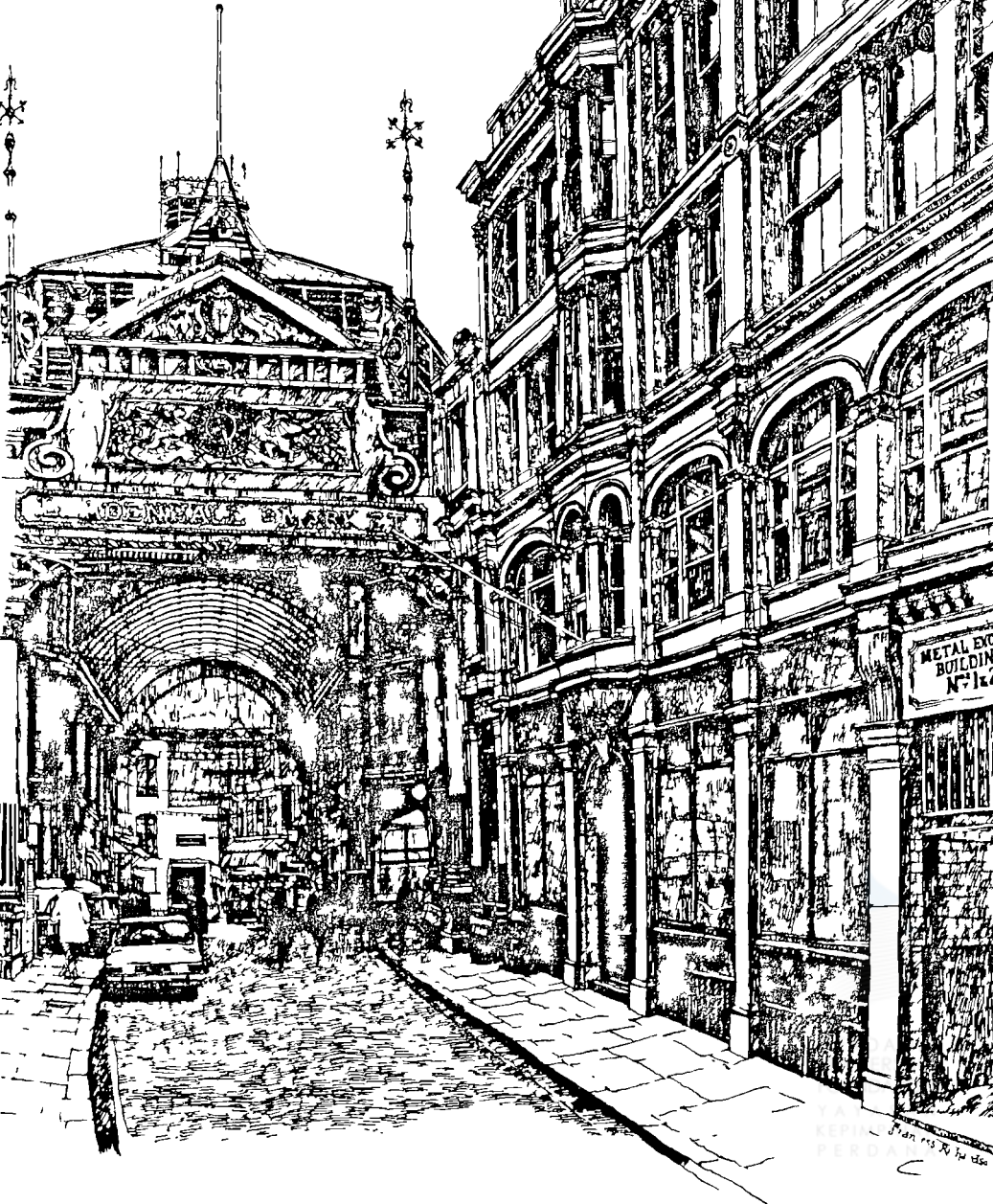
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WOLFF'S GUIDE TO THE LME

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*The London Metal Exchange buildings at
Whittington Avenue in the heart
of the City of London.*



The Rudolf Wolff Group

Rudolf Wolff & Co. was formed in London in 1866 to trade in ferrous and non-ferrous metals.

Rudolf, who was grandfather of the Company's present Chairman, was one of the metal merchants who founded the London Metal Exchange in 1877.

The Company continues to trade internationally in non-ferrous metals and in recent years the brokerage business has expanded so that today, the Company is one of the leading Ring dealing members on the London Metal Exchange and are also floor members of the main London Commodity Markets.

In 1971, Rudolf Wolff & Co. went into partnership with Noranda Mines Limited of Canada and the Joint Company of Rudolf Wolff & Co. Ltd. was formed.

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Foreword by
F. F. Wolff, C.B.E., T.D.
Chairman, Rudolf Wolff and Co. Ltd.
(Chairman of the Committee of the London Metal Exchange)

The object of this book is to commemorate the London Metal Exchange's centenary year of 1977 in a practical and lasting way. My company has produced a textbook on how the Exchange works and how it can be used by the various sectors of the trade. Like all textbooks some effort must be made by the student and the interested reader so that for some chapters he will need pencil and paper beside him if he really wants to understand hedging and other technical aspects of the Exchange.

Hedging is the prime function and justification for any futures market. Its purpose is to minimise price risk and, if properly carried out, can insure the hedger against the violent movements in price which sometimes occur. In practice, hedging is neither as simple as is sometimes made out nor as complicated as many would have you believe. Thus, working through the examples will fix the principles of hedging in readers' minds.

I never cease to be amazed at the number of metal producers, fabricators, stockists, merchants, and scrap dealers all over the world who should be using the LME for hedging but do not. Their usual excuse is that they do not understand how the LME works and how it can be used to hedge on. This lack of understanding breeds fear and distrust. If carefully studied, this book should completely dispel doubts and encourage more people to use our internationally respected market.

This book will also, I hope, appeal to present users of the LME. There is always something to re-learn or see in a new light.

The LME could not have survived its first 100 years unless it had a solid foundation and useful function and the ability to adapt itself to the constantly changing conditions and requirements of the world non-ferrous metal trade.

We are seldom without our critics. But then a free and internationally-used market like the LME will always have critics. Metal prices reflect the forces of supply and demand throughout the world. Some interested party always feels a sense of grievance if the price does not suit him. The LME is only the ever-sensitive barometer measuring and reflecting changes in supply and demand and thus prices. This economic reality can be painful but seeking

scapegoats, although perhaps therapeutic for the aggrieved party, does nothing to change the reality.

Present and potential users of our markets can be certain that the LME is always ready to act on constructive criticism and adapt to changing conditions and it is because of this attitude that the LME is the world's leading metal market today. By adapting to changing conditions it has consistently improved its services to the world metal trade and it will undoubtedly continue to do so in the second century of its existence.



**Mr F F Wolff CBE, TD, Chairman of Rudolf Wolff & Co Ltd,
Chairman of the London Metal Exchange 1970-1977 and Chairman of
the Federation of Commodity Associations 1971-**

**His grandfather, Rudolf Wolff, shown in the framed photograph
was a founder member of the London Metal Exchange in 1877**

