

Market dashboard Markets

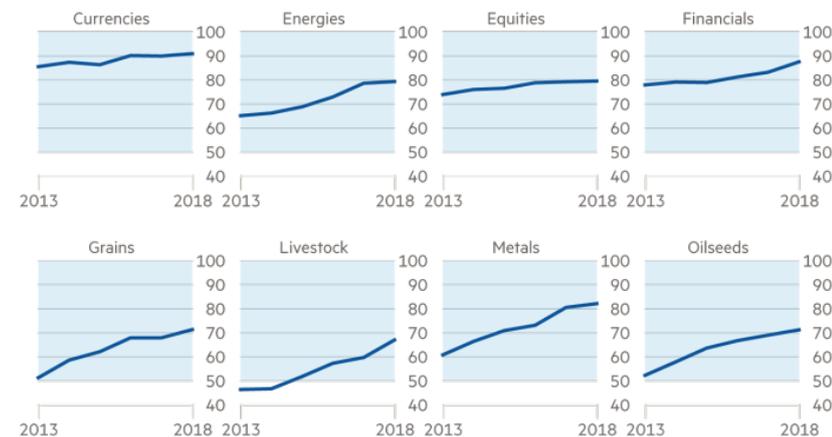
Automation is the future of futures markets

CME orders executed in one-tenth of a second are on the rise as robots power trades

Gregory Meyer 9 HOURS AGO

Machines gain ground in commodity futures

Automated orders as a share of US futures market (%)



Source: CFTC
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It is easy to ascribe human logic to market moves but in the US futures arena the majority of orders are not placed by a sentient being.

New studies by the main US derivatives regulator have established just how much robots account for the day-to-day action inside futures bourses operated by CME Group, the world's biggest exchange company.

The Commodity Futures Trading Commission's market intelligence branch [examined](#) eight of CME's markets. In livestock futures, such as cattle and hogs, orders entered without human intervention were two-thirds of the market last year, up from 46 per cent in 2013. In currency futures, long highly computerised, the automated share rose 5 percentage points to 91 per cent over the period.

This almost human-free activity is the logical extension of the electronic futures platform that CME launched almost three decades ago. The heart of its operation is now a data centre in Chicago's suburbs, rather than the trading hall of its Art Deco skyscraper downtown.

The rise of automation has benefited computerised groups over investors who pore over supply-and-demand figures to take positions, at least over short periods. For traditional [commodity traders](#), automated trading generates "light-speed price movements that physical players struggle to react to", said Jean-François Lambert of Lambert Commodities, a consultancy.

The CME declined to comment.

Another recent [study](#) by CFTC analysts Richard Haynes and John Roberts found that the share of futures orders executed in one-tenth of a second or less had increased between 2014 and 2018, a "sign that markets have indeed gotten progressively faster".

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