are now available to the small investor for $1,000.

Of the 1,307 issuers with Ginnie Maes currently outstanding, 59 per cent are mortgage bankers, 23 per cent are savings and loans, 14 per cent are commercial banks and the rest are mutual savings banks, credit unions and others. The bonds are taxable and offered 13 to 13.5 per cent interest when the story went to press.

If a homeowner defaults on their mortgage, the Ginnie Mae bond is FHA and VA insured for principal and interest. The bonds are also backed by the Ginnie Mae Corporation, which has the U.S. government behind it. Ginnie Maes also offer monthly payments to make budgeting easy.

At any one time, some 5,000 different bonds from major corporations are available in the open market. Because a bond's par is $1,000, a discount corporate bond is one that sells for less than $1,000. Older bonds with a lower rate of return, like eight per cent, sell at a discount because current rates may be around 12 per cent. Discount bonds can offer not only attractive yields, but nice appreciation if interest rates decline.

AT&T 8⅝ bonds, for example, maturing in the year 2007, may be selling for $645. If it's paying $86.20 a year divided by the $645 purchase price, the yield is 13.4 per cent. However, when these bonds mature in 2007, the consumer picks up $315 in appreciation between the original price paid and the par value. Moreover, if interest rates go down to 8.5 per cent, the bonds will go up to par before 2007.

A premium corporate bond is one that sells for more than $1,000, or more than par. A bond that had a coupon of 14 to 15 per cent that sells at a premium is very attractive. It runs the risk, however, of being retired early by being pulled in by the corporation that issued them. Hypothetically, someone buying a bond for $1200 that pays 15 per cent interest will have paid a $200 premium in an environment where normal interest rates are 10 per cent. A normal bond would yield $100 a year opposed to the premium bond that yields $150 a year. Over four years, the premium bond yields $50 a year, earning back the premium. If the bond is called back in the two-year time frame, the consumer would make $100 less than if they bought the bond at 10 per cent. Some premium bonds do offer call protection over a period of time, so brokers recommend that consumers check the yield to call.

A type of bond created by brokerage houses two years ago is "Cat" Bonds or "Tigrs" (Treasury Investment Growth Receipts), especially popular with people buying for IRA accounts or

LOOKING AT THE FUTURES MARKET

IT's a typical summer day on the crowded floor that houses the Commodity, Mercantile, Cotton and Coffee/Cocoa exchanges at 4 World Trade Center. Gathered in noisy clusters around the pits of the Mercantile Exchange are futures traders, who, after hours of negotiating transactions over the ever-present din, are sopped in persperation and wear the strain of the market on their faces like a mask.

Off to the side in a cramped aisle filled with people, boxes and telephones is Dan Uslander. A salesman for Atkin Petroleum Group, Inc., one of the few futures brokerages located on the floor, he stands on a foot stool, his head barely above the high counter as he frantically watches and sends hand signals to his company's traders in the pit. Simultaneously, he answers and phones clients around the country, fills their orders and checks the massive boards on the walls. Futures contracts, he points out, are constantly changing in value and a few seconds can mean thousands of dollars in either direction for his clients.

Dan Uslander

In the midst of what appears to be utter chaos to an outsider, Uslander remains remarkably calm. "The action here is in many ways comparable to professional sports," says Uslander, a former trader on the Chicago Board of Trade who accepted a job in New York last fall. "Trading requires natural and analytical ability, lightening quick reflexes and controlled aggression. The pace and the action can be addicting. If someone's lasted seven or eight years here, that's a long time."

Observers of the investment world say that the 40 different futures markets traded on all the exchanges are one of the most accurate gauges of the economy, probably the riskiest of all the markets and the one that takes the most out of the people working in it. Futures is a throwback to a time when the marketplace was a public forum and success was based on patience, reaction, nerve, interpreting people's moods and an enormous amount of energy. In this modern, computerized marketplace, keeping abreast of world events and sways in the international business climate are also essential.

Futures markets are just what the name implies: markets in which you establish buy and sell positions but in which you don't have to meet your contract obligation until a specific date in the future—anywhere from a month or two to a year or more. Futures play a vital role in the economy by providing both producers and users of commodities with a forward marketplace in which to hedge against severe price fluctuations. At the same time they provide alert traders with opportunities for speculation.

"Traditionally, these markets have always been conducted through open outcry, or the concept that everyone has a fair and equal opportunity to take part in a trade," explains Uslander. "If two people were standing off to the side deciding on a price, it would exclude the forces of the marketplace. Although each exchange, as well as the federal government, have regulatory safeguards intact, it is essentially the traders who keep an eye on each other."

Uslander's role is to find and work with customers on strategy and to fill orders. In an average day, Atkin Petroleum handles 1,200 contracts while the entire future exchange handles 20,000 contracts. The goal of the 12-person (six clerks), four-year-old firm is to generate more than $1 million in business this year. At the age of 28, Uslander is a senior employee in a firm where the oldest member is age 30.

The key for a client trading in futures, he says, is to remain anonymous. At times, Uslander resembles a third base coach giving signs to baserunners. As an extra precaution, hand signals are constantly being changed and code names are used and switched. "Part of the job is to protect the identity of the customer," says the Hoboken resident. "An oil company may use our firm for the express purpose that we're small and people aren't watching us that closely. If I'm on a desk with other traders and they see I have a high volume of a customer who's a buyer, that's going to distort their judgment as to what the marketplace is going to do."

Does Uslander fear the burnout factor? "I'm a salesmen so I don't face the same kinds of pressures as a trader," he explains. "The yelling and screaming can be deceptive because most of the times it's nothing more than advertising, or a way to announcing how bad you want something. But the people who work here all realize that there's a full-time paramedic on the floor and I've seen my share of people carried out on a stretcher. Sometimes it makes you wonder." ■