Market Talks
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COMMODITIES · BEGINNER · LESSON 6 OF 15

Reading a Contract

Contract size, tick size and tick value, price quotes, month codes, key dates and micro contracts: how to read a futures spec sheet and turn price moves into dollars

13 min read 8 quiz questions with answer key

COMMODITIES · BEGINNER · LESSON 6 OF 15

Reading a Contract

IN ONE SENTENCE

Every futures contract comes with a specification sheet that tells you exactly what you are trading: how much of the commodity one contract covers, how prices are quoted, the smallest price step and what it is worth, which months trade, when trading stops and how the contract settles. With three of these numbers, contract size, tick size and tick value, you can turn any price move into dollars before you place a trade.

The specification sheet

Every exchange publishes a **contract specification** ("spec sheet") for each futures contract. It is the rulebook for that contract, and it is the first thing a professional checks before trading a new market. The most important lines are:

- **Contract unit:** how much of the commodity one contract covers.
- **Price quotation:** the unit the price is quoted in, such as dollars per barrel or cents per bushel.
- **Minimum price fluctuation:** the smallest step the price can move, called the **tick**, and how many dollars one tick is worth.
- **Product code:** the short symbol used on trading platforms, such as CL for WTI crude oil.
- **Listed contracts:** which delivery months can be traded.
- **Termination of trading:** the last day the contract trades.
- **Settlement method:** physical delivery or cash settlement.
- **Trading hours:** when the market is open.

The figure shows the main lines for CME Group's WTI crude oil futures, one of the most actively traded commodity contracts in the world.

Spec sheet: WTI crude oil futures

Contract unit	1,000 barrels
Price quotation	US dollars and cents per barrel
Minimum price fluctuation	$0.01 per barrel = $10.00
Product code	CL
Listed contracts	All twelve months
Settlement method	Physical delivery
Termination of trading	3 business days before the 25th of the prior month

Source: CME Group

Figure 1. The main lines of the spec sheet for CME Group's WTI crude oil futures.

Contract size and contract value

The **contract size**, or contract unit, tells you how much of the commodity one contract covers. Multiply it by the price and you get the **contract value**, also called the notional value: the true size of your position.

For example, if WTI crude oil is at $70 a barrel, one contract of 1,000 barrels is worth 1,000 × $70 = **$70,000**. If gold is at $4,000 an ounce, one standard 100 ounce contract is worth **$400,000**. As Lesson 5 explained, your profit and loss come from this full value, not from the margin you deposit.

Here are the details of some of the most widely traded CME Group commodity contracts:

Contract	Code	Contract size	Quoted in	Tick	Tick value
WTI crude oil	CL	1,000 barrels	US$ per barrel	$0.01	$10.00
Micro WTI crude oil	MCL	100 barrels	US$ per barrel	$0.01	$1.00
Gold	GC	100 troy ounces	US$ per troy ounce	$0.10	$10.00
Micro Gold	MGC	10 troy ounces	US$ per troy ounce	$0.10	$1.00
Copper	HG	25,000 pounds	US$ per pound	$0.0005	$12.50
Corn	ZC	5,000 bushels	US cents per bushel	1/4 cent	$12.50

Exchanges can change their rules, so always check the current spec sheet on the exchange's own website before trading.

Tick size and tick value

Prices cannot move by any amount. They move in fixed minimum steps called **ticks**. The **tick size** is the smallest possible price change, and the **tick value** is how much one tick is worth for one contract in money:

Tick value = contract size × tick size

For WTI crude oil, 1,000 barrels × $0.01 = **$10** per tick. For gold, 100 ounces × $0.10 = **$10** per tick. For corn, 5,000 bushels × 1/4 cent = **$12.50** per tick. For copper, 25,000 pounds × $0.0005 = **$12.50** per tick.

Tick value is the most useful number on the sheet. Once you know it, you can turn any price move into dollars by counting ticks: a $1.00 move in crude oil is 100 ticks, or $1,000 per standard contract.



Figure 2. Tick value is contract size multiplied by tick size. It turns every price move into dollars.

Reading grain prices

Most energy and metal prices are quoted in plain dollars and cents. Grain prices at CBOT are different: they are quoted in **US cents per bushel**, and fractions of a cent are shown in **eighths** after an apostrophe or a dash.

- **466'0** means 466 cents, or $4.66 a bushel.
- **466'2** means 466 and 2/8 cents, or 466.25 cents.
- **466'4** means 466.50 cents, and **466'6** means 466.75 cents.

Because the tick size for corn is 1/4 cent, the number after the apostrophe is always 0, 2, 4 or 6. Many trading platforms show the same price as a decimal, such as 466.25, so check which format

your platform uses. A move from 466'0 to 470'4 is 4.5 cents, which is 18 ticks, or 18 × $12.50 = $225 per contract.

Month codes and symbols

Each delivery month has a one-letter **month code**. These codes are the same across most exchanges and trading platforms:

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
F	G	H	J	K	M	N	Q	U	V	X	Z

A full contract symbol joins the product code, the month code and the year. **CLZ26** is WTI crude oil for December 2026. **GCG27** is gold for February 2027. **ZCH27** is corn for March 2027. Some platforms write the year with one digit, such as CLZ6.

Not every commodity trades every month. WTI crude oil lists all twelve months. Corn trades only March, May, July, September and December (H, K, N, U, Z), which follow the crop year. Gold has contracts in many months, but trading is usually concentrated in February, April, June, August, October and December (G, J, M, Q, V, Z).



Figure 3. Each delivery month has a one-letter code. A symbol joins the product code, the month code and the year.

Key dates, hours and limits

The spec sheet also tells you **when a contract stops trading**. The rules differ by market. WTI crude oil futures, for example, stop trading three business days before the 25th calendar day of the month **before** the delivery month. So the December 2026 contract stops trading in November 2026. For physically delivered contracts, the **first notice day**, when delivery notices can begin, may come even earlier. Your broker's platform usually shows both dates.

Other useful lines:

- **Trading hours.** Most energy and metal futures trade electronically almost 24 hours a day, Sunday evening to Friday afternoon US Central Time, with a short daily break. Grain futures have shorter sessions.
- **Price limits.** Some contracts, such as grains, have daily price limits that pause or restrict trading after a very large move.
- **Margin.** Margin levels are not fixed on the spec sheet. The exchange changes them as markets become calmer or more volatile, and brokers may require more.

Smaller contracts for smaller accounts

Standard contracts are large. To make futures easier to use for individual traders, exchanges have launched smaller versions that follow the same prices:

- **Gold:** next to the standard 100 ounce contract (GC), CME Group lists E-mini Gold (QO, 50 ounces), Micro Gold (MGC, 10 ounces) and 1-Ounce Gold (1OZ). Micro Gold launched in 2010, and CME Group says its volume is now almost half of standard gold futures in contract terms.
- **Crude oil:** Micro WTI (MCL) covers 100 barrels, one tenth of the standard contract, with a tick value of $1. It is settled in cash, so there is no risk of delivery.
- **Copper:** Micro Copper (MHG) covers 2,500 pounds, one tenth of the standard contract.

Smaller contracts let traders size positions more precisely and practise with less money at risk. The risk per contract is smaller, but leverage works the same way, so the same rules about position size still apply.

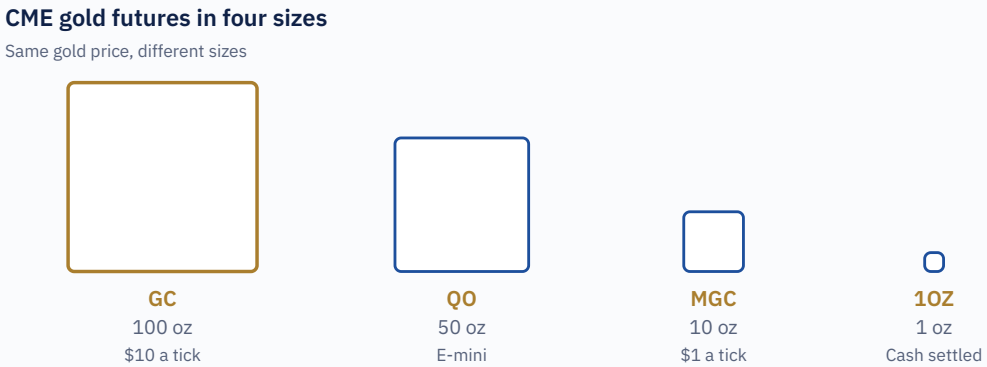


Figure 4. CME Group gold futures come in four sizes that all follow the same gold price.

Putting it together: profit and loss

With the spec sheet in hand, any trade's result can be worked out in three steps:

1. **Price change ÷ tick size = number of ticks.**

2. **Ticks × tick value = result per contract.**
3. **Result per contract × number of contracts = total result** (before commissions and fees).

Work this out **before** you trade, using the distance to your planned exit and to the level where you would admit you are wrong. That tells you how many contracts you can safely trade.

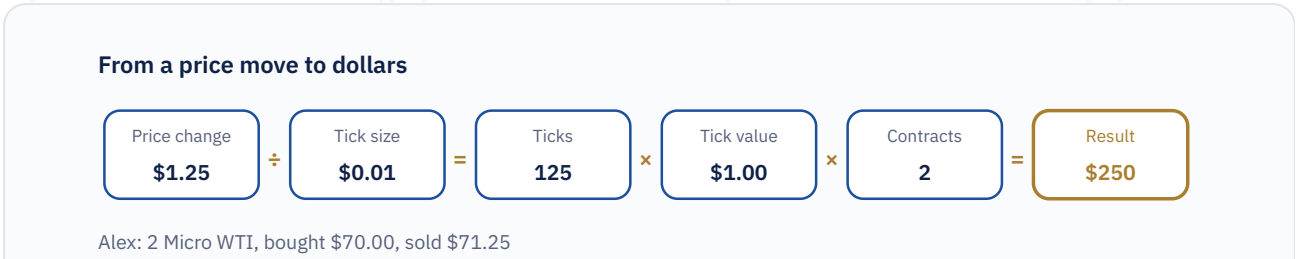


Figure 5. Working out a trade's result: count the ticks, multiply by the tick value and by the number of contracts.

EXAMPLE: ALEX TRADES MICRO WTI

Suppose Alex buys **2 Micro WTI** contracts at **$70.00** and later sells them at **$71.25**.
Price change: $71.25 - $70.00 = $1.25. Ticks: $1.25 ÷ $0.01 = **125 ticks**. Per contract: 125 × $1.00 = $125. Two contracts: **$250**, before fees.
Had he traded 2 standard WTI contracts instead, the same move would have been worth 125 × $10 × 2 = **$2,500**, and a move of the same size against him would have cost the same amount.

Why this matters for traders

- **Know your tick value by heart.** It turns every price move on the chart into money. Without it, you cannot size a position properly.
- **Check the symbol and the month.** CLZ26 and CLF27 are different contracts with different prices and dates. Make sure your order is for the month you mean.
- **Put the dates in your calendar.** Last trading day and first notice day come earlier than many beginners expect.
- **Start small.** Micro contracts follow the same prices with a tenth of the risk. They are a sensible way to learn how a market moves.

Key terms

Contract specification	The exchange's official rules for a futures contract: size, quote unit, tick, months, dates, settlement and hours.
Contract size	The amount of the commodity covered by one futures contract, such as 1,000 barrels or 100 troy ounces.
Contract value	Contract size multiplied by the price: the full size of a position. Also called notional value.
Tick size	The smallest amount by which a futures price can change.
Tick value	The money value of one tick for one contract: contract size multiplied by tick size.
Product code	The short symbol for a futures product, such as CL for WTI crude oil or GC for gold.
Month code	A one-letter code for each delivery month, from F for January to Z for December.
Last trading day	The final day on which a futures contract can be traded.
Price limit	A maximum daily price move set by the exchange for some contracts, after which trading is paused or restricted.
Micro contract	A smaller version of a standard futures contract that follows the same price, usually one tenth of the size.

Key takeaways

1. Every futures contract has a spec sheet that sets its size, quote unit, tick, months, last trading day, settlement method and trading hours.
2. Contract value = contract size × price. Profit and loss come from this full value, not from the margin.
3. Tick value = contract size × tick size: $10 for WTI crude oil and gold, $12.50 for corn and copper.
4. Symbols join the product code, a month code (F to Z) and the year: CLZ26 is WTI crude oil for December 2026.

5. Micro contracts such as Micro Gold and Micro WTI follow the same prices at about a tenth of the size. Result = ticks × tick value × number of contracts.

Test yourself

Circle one answer for each question. The answer key with explanations is on the next page. You can also take this quiz online at markettalks.info and see your score instantly.

1. How many barrels does one standard WTI crude oil futures contract (CL) cover?

A 42
B 100
C 1,000
D 5,000

2. WTI crude oil is at $70 a barrel. What is the value of one standard contract?

A $70
B $7,000
C $70,000
D $700,000

3. Gold futures (GC) cover 100 troy ounces with a tick size of $0.10. What is the tick value?

A $0.10
B $1.00
C $10.00
D $100.00

4. A corn futures price is shown as 452'6. What does it mean?

A $452.60 a bushel
B 452.75 cents a bushel
C 452.06 cents a bushel
D $4.526 a ton

5. What does the symbol GCZ26 refer to?

A Gold futures for December 2026
B Gold futures for January 2026
C Corn futures for December 2026
D Crude oil futures for June 2026

6. Which months does CBOT corn futures trade?

A Every month
B March, May, July, September and December
C Only December
D February, April, June, August, October and December

7. Alex buys 2 Micro WTI contracts at $70.00 and sells at $71.25. The tick is $0.01 and the tick value is $1. What is his result before fees?

A $125
B $250
C $1,250
D $2,500

8. What is the main advantage of micro contracts for individual traders?

A They have no leverage
B They follow the same prices at a fraction of the size, so the risk per contract is smaller
C They never expire
D They are traded only on weekends

Answer key

1 C

1,000

One CL contract covers 1,000 barrels. The Micro WTI contract (MCL) covers 100 barrels.

2 C

$70,000

Contract value = contract size × price = 1,000 × $70 = $70,000.

3 C

$10.00

Tick value = 100 ounces × $0.10 = $10.00 per contract.

4 B

452.75 cents a bushel

Grain prices are in cents per bushel, and the number after the apostrophe shows eighths of a cent. 6/8 is 0.75, so 452'6 is 452.75 cents, or about $4.53 a bushel.

5 A

Gold futures for December 2026

GC is the product code for gold, Z is the month code for December, and 26 is the year.

6 B

March, May, July, September and December

Corn futures are listed for March, May, July, September and December (H, K, N, U, Z), which follow the crop year.

7 B

$250

$1.25 ÷ $0.01 = 125 ticks. 125 × $1 = $125 per contract, × 2 contracts = $250.

8 B

They follow the same prices at a fraction of the size, so the risk per contract is smaller

Micro contracts track the same prices as the standard contracts but cover a smaller amount, usually one tenth. Leverage still works the same way.

SOURCES

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