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AT URBANA-CHAMPAIGN

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May 12, 2016

Dear Editors:

I am writing on behalf of myself and my co-authors, Philip Garcia and Teresa Serra, to submit a manuscript titled “What Nearby and Deferred Quotes Tell Us about Linkages and Adjustments to Information” for consideration at the *Journal of Commodity Markets*.

This paper makes a novel contribution to the literature on the microstructure of commodity markets. We measure information-based trading activity using insights from the literature on sequential trading models to arrive on a metric based on the correlation of nearby and deferred corn futures contract quote revisions. Further, we estimate the speed of information transmission by determining the lag length required to achieve zero correlation between lagged nearby and deferred quote revisions.

We find that nearby and deferred contracts revise bids and offers in lock-step when an information event occurs. Further, we find that information is fully transmitted to from nearby to deferred contracts within one second. The implication is that electronic trading has allowed traders to very efficiently convey market information throughout the forward curve.

We are excited to make an early contribution to the new *Journal of Commodity Markets*. We trust that there will be many studies on the microstructure of commodity markets in the future. Thank you in advance for considering ours; we look forward to your response.

Sincerely,

A handwritten signature in black ink that reads 'Mindy L. Mallory'.

Mindy L. Mallory  
Assistant Professor