

Eyeing The Exchanges

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Whether you're a short-term trader or a regimented buy-and-hold investor, investing is essentially a combination of buy and sell orders and profit-making intentions. From this standpoint, good investment options may be U.S.-based exchanges, where buyers and sellers meet, invest, and pay transaction fees every step of the way.

Who's the most famous?

The New York Stock Exchange, home of listings ranging from long-standing U.S.-based companies like McDonald's (NYSE:MCD) and Citigroup (NYSE:C) to new exchange-traded funds like the Direxion Daily Real Estate Bull 3X Shares (NYSE:DRN) and new international based issues like Duoyuan Global Water Inc. (NYSE:DGW), is one of the most well-known exchanges in the world. The New York Stock Exchange is under the NYSE Euronext holding company (NYSE:NYX), representing the combination of the NYSE Group and the Euronext N.V.

NYSE Euronext Revenue Reflection

Cash trading makes up the majority of revenue for the NYSE Euronext holding company. While turmoil in financial markets has limited trading volumes and new initial public offering (IPO) activity during 2008 and early 2009, recent reports of positive revenues from former investment banking firms like Goldman Sachs (NYSE:GS) point to a positive future. Goldman Sachs reported record equity underwriting of \$736 million, surpassing the previous quarterly record set in 2000. NYSE Euronext is down approximately 4%, while the SPDRS S&P 500 Index ETF (NYSE:SPY) is up just under 4% since the beginning of the year through July 17.

Futures Exchanges

Turning to the Midwest, investors can also consider the Chicago based CME Group, home of the Chicago Mercantile Exchange, the Chicago Board of Trade and the New York Mercantile Exchange. The CME Group's primary revenue streams are derived from its clearing and transaction fees in the futures and commodities markets. On these exchanges, speculators, producers and hedgers come together to trade gold, sugar, interest rate contracts and other investment products. The CME Group is up approximately 32% since the beginning of the year through July 17.

Final Thoughts

Competition for company listings, investment products and trade execution are likely to keep industry competitors sharp and nimble without even taking into consideration the mountain of industry regulation poised just over the horizon. For investors, an investment here offers the opportunity to benefit from transaction fees earned by the exchanges and insight into the details behind how these financial markets are trading.