

## **MCX launches futures trading in Zinc Mini**

**Mumbai, May 24, 2010:** Multi Commodity Exchange of India Ltd (MCX) today launched MCX zinc mini futures contract. Initially June and July contracts of zinc mini will be available for trading and in due course of time more contracts will be introduced.

While the contract specification of zinc mini is exactly the same as that of the existing zinc contract on MCX, the tonnage has been reduced to 1 ton. The current zinc contract on MCX has a lot size of 5 tons with an average daily volume of 1,40,000 tons.

There is a growing demand from the industry, especially the SME segment for zinc mini contract which would help them hedge the zinc price risk.

On the occasion, **Mr. P K. Singhal, Deputy Managing Director, MCX** said "The Zinc Mini futures contract is an excellent risk management tool for SMEs, especially those in the Galvanizing, Die casting and Brass industry that have a fairly large consumption of Zinc."

Zinc has seen a surge in demand from the galvanizing industry which uses zinc as a protective coating on steel to prevent corrosion and rusting. With a boom in the steel industry, the zinc market witnessed a bull run during the period 2001-2006. Due to global recession, the demand for zinc dipped. However, with commodity markets seeing a volatile run and a strong surge in steel prices, zinc prices have been extremely volatile over the last few years, leading to stress amongst zinc consumers and producers alike.

Growing volatility in the global non-ferrous metal markets has made it imperative for SME metal segments to look for price risk management options. The SME segment prefers a small contract of 1 ton vis-à-vis the existing 5 ton contract as its sheer size necessitates higher leverage.

On this development, **Mr. Surendra Mardia, President, Bombay Metal Exchange Ltd** said, "We welcome the launch of zinc mini contracts by MCX. The SMEs will highly benefit from zinc mini contracts as it will be both beneficial and fruitful for them to hedge their requirement in comparison with a zinc contract of higher tonnage."

### **About MCX:**

Headquartered in the financial capital of India, Mumbai, MCX ([www.mcxindia.com](http://www.mcxindia.com)) is a demutualised nationwide electronic futures exchange with permanent recognition from Government of India. MCX offers the benefit of fair price discovery and price risk management to the commodity market ecosystem. Various commodities across segments are traded on MCX which mainly constitute bullion, metals, energy, etc. The exchange has forged strategic alliances with various Indian and International commodity exchanges, trade associations, education institutions and CSR partners.

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