MCX
METAL & ENERGY
Trade with Trust

NICKEL



Multi Commodity Exchange of India Limited (MCX) is a state-of-the-art commodity futures exchange based in India. The exchange facilitates online trading in commodity futures contracts across segments, including bullion, base metals, energy, and agricultural commodities, besides offering clearing and settlement services. The exchange thus provides an effective mechanism for price risk management. Nickel futures on MCX are being trading since 03 June 2004.

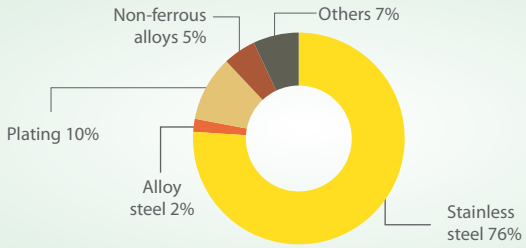
INTRODUCTION

Nickel is the main alloying metal required in the production of certain types of stainless steel. The strength and life span of products manufactured using stainless steel are superior to those produced by using non-stainless steel.

APPLICATION

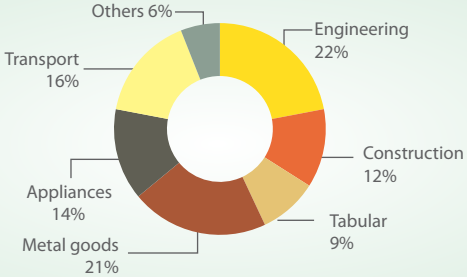
Nickel is primarily used (65 per cent) in the manufacturing of stainless steel. About 18 per cent of the metal is used to produce other steel and non-ferrous alloys. Around 7 per cent of nickel is used in electro-plating, with about 6 per cent being used in coins and chemicals. It is also used in the production of super-alloys which are used extensively in the aerospace industry. Nickel-cadmium and other nickel alloys are used to make batteries for electronic gadgets—mobile phones, computers, digital cameras, and other such products that need small, lightweight and high capacity power sources.

Global Nickel Consumption, by First-Use



Source: Brook Hunt— A Wood Mackenzie Company

Global Nickel Consumption, by End-Use



Source: Brook Hunt— A Wood Mackenzie Company

- MCX is the leading commodity exchange in India, with a market share of 96.70% (F.Y. 2022-23)

  *In terms of the value of commodity futures contracts traded . (Source: Exchange websites)

- MCX reaches out to around 700 cities and towns in India (F.Y. 2022-23)

Download MCX MOBILE APP

from PlayStore/AppStore
on your phone to view the
MCX Futures Prices, Options Prices
& Commodity Indices (iCOMDEX)

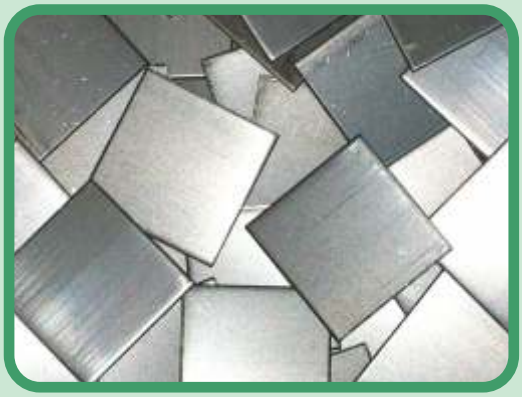


COMRIS

COMRIS is a demat platform for handling and delivery with e-receipt of commodity deposited at MCXCCL accredited warehouses (MAWs)

- Total of 132 MTs of Nickel Cathodes changed hands during F.Y. 2022-23 via Exchange platform.

- Only LME approved brands of Primary Nickel Cathodes (Cut or Uncut/Full Plate) with minimum purity of 99.80% are accepted.



INDIAN SCENARIO

Consumption

- India is totally dependent on nickel imports as there are no known production resources of the metal.



Exports and Imports

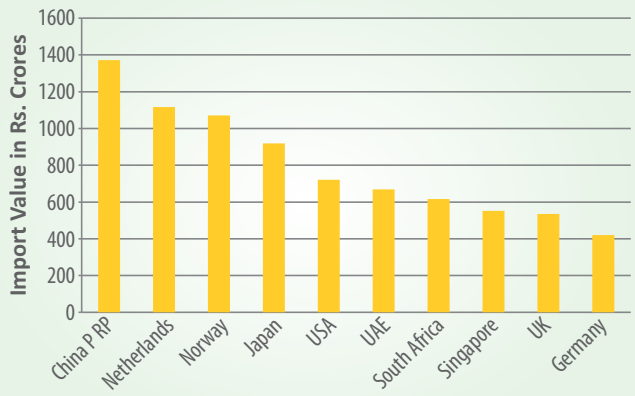
- Total Nickel (HS Code-75) exports from India during F.Y. 2022-23 increased by 71.06% to Rs. 1,610 crores as compared to Rs. 941 crores during F.Y. 2021-22.
- Total Nickel (HS Code-75) imports to India during F.Y. 2022-23 increased 32.10% to Rs. 10,493 crores as compared to Rs. 7,943 crores during F.Y 2021-22.
- The top 10 export destinations and top 10 import sources for India during F.Y. 2022-23 have been illustrated in the graphs given below:

Top Export Destinations for India (F.Y. 2022-23)



*Data for period Apr 2022-Mar 2023#Source: Ministry of Commerce, GoI

Top Import Sources for India (F.Y. 2022-23)



*Data for period Apr 2022-Mar 2023#Source: Ministry of Commerce, GoI

Fundamentals and Balance Sheet (Quantity)

Indian Scenario In MT's	2020-21	2021-22	2022-23
Production	0	0	0
Import	56,551	51,527	49,061
Export	2,964	5,918	6,905
Consumption	53,587	45,609	42,157

Source: Ministry of Mines; Ministry of commerce

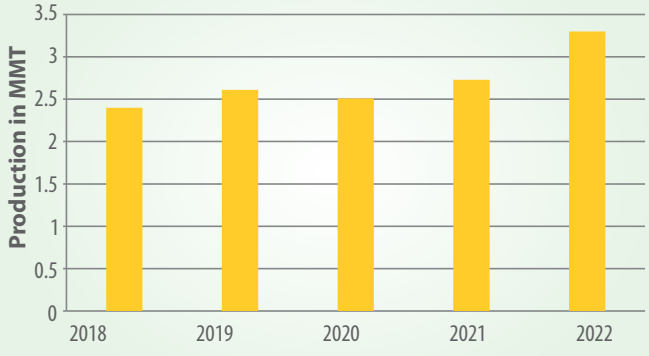
GLOBAL SCENARIO

Demand and Supply

- In 2022, the global refined nickel production was around 3.30 million metric tonnes (MMT), as compared to 2.73 million metric tonnes (MMT) in 2021.



Global Refined Nickel Production



#Source: USGS Mineral Commodity Summaries

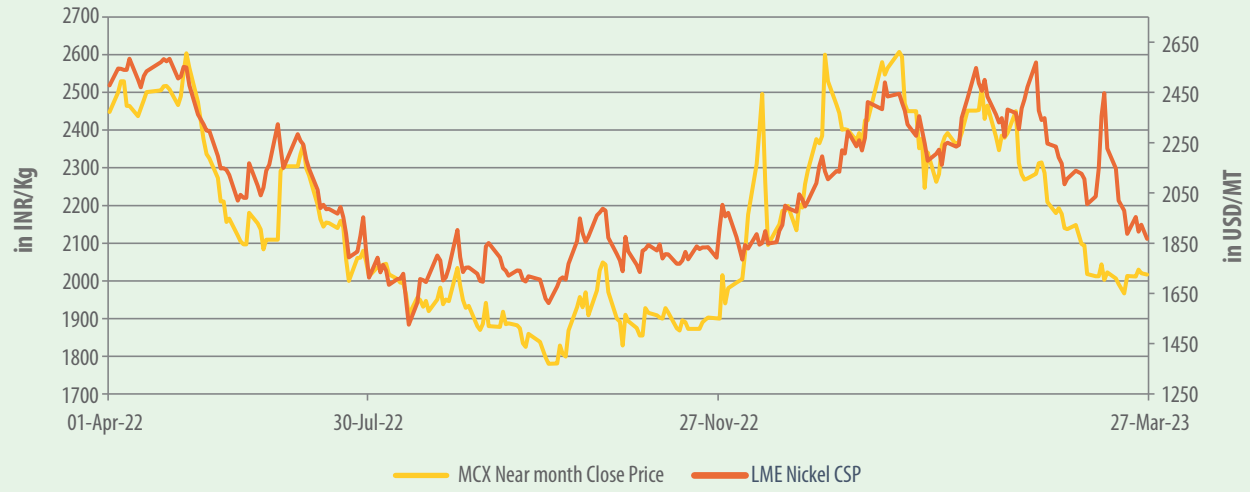
Exports and Imports

- Indonesia, Philippines and Russia were the top three major producers of nickel in 2022 with production of 16,00,000 MTs, 3,30,000 MTs and 2,20,000 MTs respectively.
- Canada, Norway and Germany were the top three exporters in 2022 accounting for 5,231 million, 2,060 million and 2,040 million USD of nickel exports, respectively.
- China, USA and Japan were the top import destinations, with 12,745 million, 4,497 million and 4,347 million USD of nickel imports respectively.

FACTORS INFLUENCING THE MARKET

- prices in India depend on the domestic and international sectors prices, freight rates, custom duties, trade agreements and the USD-INR exchange rate.
- Economic events, such as industrial growth, recession, and inflation, affect metal prices.
- Commodity-specific events, such as the construction of new production facilities or processes, new uses or the discontinuance of historical uses, unexpected mine or plant closures (natural disaster, supply disruption, accident, strike, etc.), or industry restructuring, affect metal prices.
- Trade policies set by the government (implementation or suspension of taxes, penalties, and quotas) affect supply as they regulate (restricting or encouraging) material flow.
- Geopolitical events involving governments or economic paradigms and armed conflict can cause major changes.
- As societies develop, their demand for metal increases based on their current economic position, which could also be referred to as the 'national economic growth factor'.

MCX vs LME Correlation*



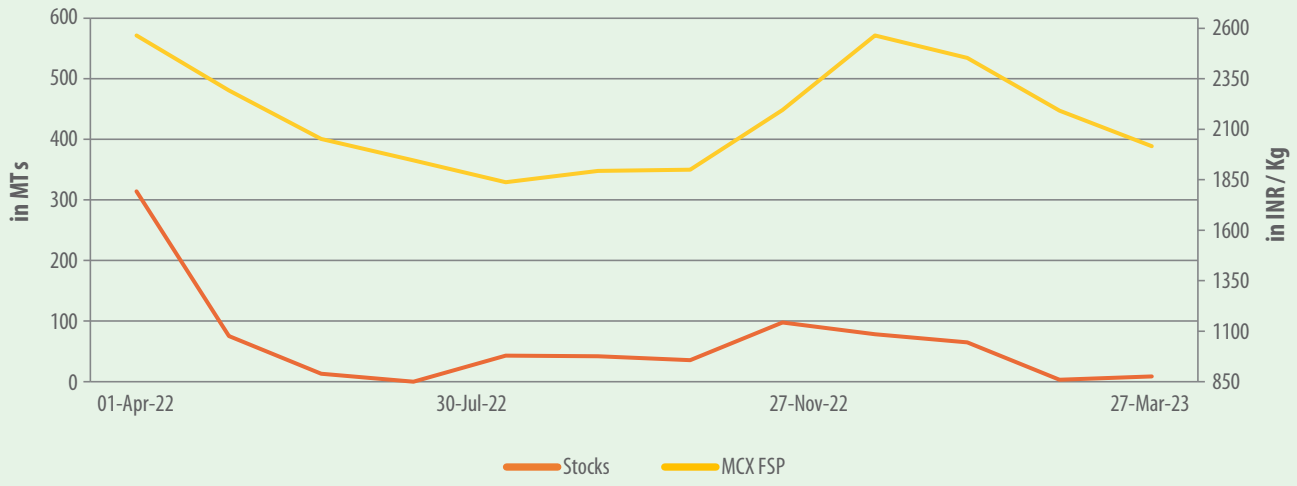
Correlation between MCX near month closing prices and LME Cash Settlement Price (CSP) stood at 87.28% for the period Apr 2022 - Mar 2023. | #Source: MCX Website; Westmetall

MCX Nickel - Spot Vs Futures Price



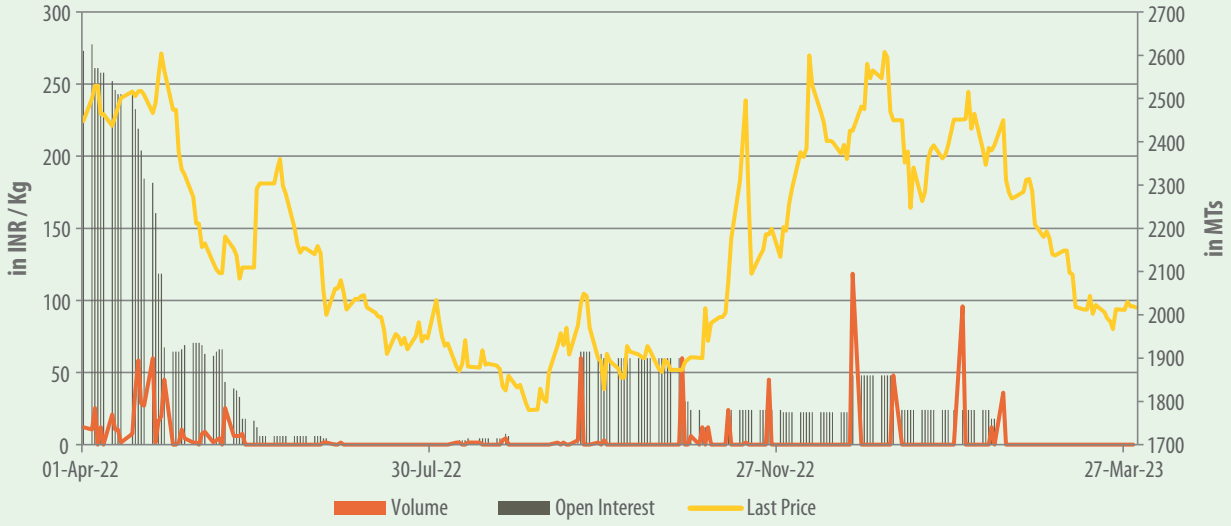
Correlation between MCX near month closing prices and MCX Spot Price stood at 99.07% for the period Apr 2022 - Mar 2023. | #Source: MCX Website

MAW Stocks (in MTs) vs MCX FSP (in Rs.)



**FSP – Final Settlement Price | #Source: MCX Website*

MCX Nickel Price, Volumes & Open Interest



#Source: MCX Website

Important Links:

https://www.mcxindia.com/market-operations/warehousing-logistics
https://www.mcxindia.com/market-data/spot-market-price
https://www.mcxindia.com/market-operations/warehousing-logistics/stock-position

IMPORTANT WEB SITES

www.metalbulletin.com | www.basemetals.com | www.metalsmarket.net | www.futuresource.com | www.metalsplace.com | www.metalprices.com | www.gfms-metalsconsulting.com



Salient Features of MCX Nickel Futures Contract	
Symbol	**NICKEL**
Description	NICKELMMMYY
Contract Listing	Contracts are available as per the Contract Launch Calendar.
Contract Start Day	1st day of contract launch month. If 1st day is a holiday then the following working day.
Last Trading Day	Last calendar day of the contract expiry month. If last calendar day is a holiday then preceding working day.
Trading Unit	1500 Kgs
Quotation / Base Value	1 Kg
Price Quote	Ex-Warehouse Thane district (excludes only GST).
Maximum Order Size	24 MT
Tick Size	10 Paisa per kg
Daily Price Limits	The Exchange has implemented a narrower slab of 4%. Whenever the narrower slab is breached, the relaxation will be allowed up to 6% without any cooling off period in the trade. In case the daily price limit of 6% is also breached, then after a cooling off period of 15 minutes, the daily price limit will be relaxed up to 9%. In case price movement in international / local markets is more than the maximum daily price limit (currently 9%), the same may be further relaxed in steps of 3%.
Initial Margin*	Minimum 10% or based on SPAN whichever is higher
Extreme Loss Margin	Minimum 1%
Maximum Allowable Open Position	For individual clients: 1000 MT or 5% of the market wide open position, whichever is higher for all Nickel contracts combined together. For a member collectively for all clients: 10,000 MT or 20% of the market wide open position, whichever is higher for all Nickel contracts combined together.
Delivery Unit	1500 Kgs with tolerance limit of + / - 10%
Delivery Period Margin**	Delivery period margins shall be higher of: **a.** 3% + 5 day 99% VaR of spot price volatility or **b.** 25%
Delivery Centre	Ex-Warehouse at Thane district in Maharashtra As per SEBI circular SEBI/HO/CDMRD/DMP/P/CIR/2021/551 dated April 16, 2021, the exchanges may accredit warehouses of a WSP within 100 kms radius of the delivery centers.
Additional Delivery Centre (s)	1.Chennai district in Tamil Nadu 2. National Capital Region (NCR) 3. Kolkata district in West Bengal As per SEBI circular SEBI/HO/CDMRD/DMP/P/CIR/2021/551 dated April 16, 2021, the exchanges may accredit warehouses of a WSP within 100 kms radius of the delivery centers.
Quality Specifications & Shape	Primary Nickel Cathodes (Uncut / Full Plate) with minimum purity of 99.80%. Only LME approved brands will be accepted. For the purpose of quality assessment, reliance shall be placed by the WSP on the Certificate of Analysis (CoA) issued by the producer. # List available on https://www.mcxccl.com/warehousing-logistics/lme approved-brands
Additional Deliverable Grade	1. Primary Nickel Cathodes (Cut) with minimum purity of 99.80%. Only LME approved brands will be accepted. For the purpose of quality assessment, reliance shall be placed by the WSP on the Certificate of Analysis (CoA) issued by the producer. 2. Any other Primary Nickel producer brand as approved by MCX.
Delivery Pay-in	The seller will have to do the delivery pay-in through ComRIS Account by earmarking his existing valid commodity balance in the ComRIS Account towards the pay-in obligation. On Tender Days: On tender days by 5.00 p.m. except Saturday, Sunday and Public holiday. Marking of delivery will be done on the tender days based on the intentions received from the sellers after the trading hours. On Expiry: On expiry all the open positions shall be marked for delivery. Delivery

Salient Features of MCX Nickel Futures Contract

	pay-in will be on E+1 working day (E- Expiry day) by 2.00 p.m. except Saturday, Sunday and Public holiday.
Staggered Delivery Tender Period	The staggered delivery tender period would be the last 5 trading days (including expiry day) of the contracts. The seller/buyer having open position shall have an option, of submitting an intention of giving/taking delivery, on any day during the staggered delivery period. On expiry of the contract, all the open positions shall be marked for compulsory delivery.
Staggered Tender Period Margin	5% incremental margin for last 5 trading days (including expiry day) of the contract on all outstanding positions in addition to the Initial, Special and/ or any other additional margin, if any.
Delivery order rate	On Staggered Delivery Tender Days: The delivery order rate (the rate at which delivery will be allocated) shall be the closing price (weighted average price of last half an hour) on the respective tender day except on the expiry date. On Expiry: On expiry date, the delivery order rate or final settlement price shall be the Due Date Rate (DDR) and not the closing prices.
Due Date Rate (Final Settlement Price)	The Final Settlement Price (FSP) shall be arrived at by taking the simple average of the last polled spot prices of the last three trading days viz.,E0 (expiry day), E-1 and E-2. In the event the spot price for any one or both of E-1 and E-2 is not available; the simple average of the last polled spot price of E0, E-1, E-2 and E-3, whichever available, shall be taken as FSP. Thus, the FSP under various scenarios of non-availability of polled spot prices shall be as under:

Scenario	Polled spot price availability on				FSP shall be simple Average of last polled spot prices on		
	E-0	E-1	E-2	E-3			
1	Yes	Yes	Yes	Yes/No	E-0,	E-1,	E-2
2	Yes	Yes	No	Yes	E-0,	E-1,	E-3
3	Yes	No	Yes	Yes	E-0,	E-2,	E-3
4	Yes	No	No	Yes	E-0,	E-3	
5	Yes	Yes	No	No	E-0,	E-1	
6	Yes	No	Yes	No	E-0,	E-2	
7	Yes	No	No	No	E-0		

	In case of non-availability of polled spot price on expiry day (E0)/ predetermined number of days due to sudden closure of physical market under any emergency situations noticed, Clearing Corporation shall decide further course of action for determining FSP and which shall be in accordance with MCXCCL circular no. MCXCCL/SPOT/077/2020 dated April 13, 2020. On the day of expiry the trading shall be allowed up to 5pm.
Delivery Logic	Compulsory Delivery

* A) The Margin Period of Risk (MPOR) shall be in accordance with SEBI Circular no. SEBI/HO/CDMRD/DRMP/CIR/P/2020/15 dated January 27, 2020. For applicable minimum MPOR, refer latest circulars issued by MCXCCL from time to time.

B) For all the applicable margins, refer the latest circulars issued by the Exchange or Multi Commodity Exchange Clearing Corporation Limited (MCXCCL) from time to time.

**Delivery Period Margin-As per SEBI directive SEBI/HO/CDMRD/DRMP/CIR/P/2016/77 dated September 01, 2016.

Content by: **PMT (Base Metals), MCX** | Designed by: **Graphics Team, MCX**

Multi Commodity Exchange of India Limited
Corporate address: **Exchange Square, Chakala, Andheri (East), Mumbai - 400 093, India**
Tel. No. 91-22-6731 8888 | info@mcxindia.com | www.mcxindia.com | CIN: L51909MH2002PLC135594

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