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MCX withdraws vaulting charges for Gold Guinea

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Enthused by the response from retailers and traders, the commodity bourse MCX has withdrawn vaulting charges for its Gold Guinea, which is a mini-contract that can be traded in eight gram units. The vaulting and storage charges would not be levied till December 31, sources said.

MCX Gold Guinea contracts for July and August, launched on May 8, have an open interest position of 25 kg, which has nearly doubled in last 10 days, sources said. The average daily volume is 100-120 kg.

Open interest is the total number of outstanding contracts on a day that have not been liquidated.

STORAGE CHARGES

"The buyer-friendly contracts may attract more retail participants including individual buyers and small traders after the vaulting charge is removed," an analyst said. The participants are expected to benefit from the nil vaulting and storage charges, besides low premium against the banks' 10-15 per cent, he said.

The MCX has fixed delivery centres at Ahmedabad, New Delhi, Mumbai, Hyderabad, Bangalore, Chennai and Kolkata.

The delivery would be of 995 purity – 24 carat. The guineas would be supplied by the London Bullion Market Association-approved suppliers or other suppliers as may be approved by the MCX and would be serially numbered, sources said.

Sale of guinea goes up by almost 20 per cent during Diwali as people consider it auspicious.