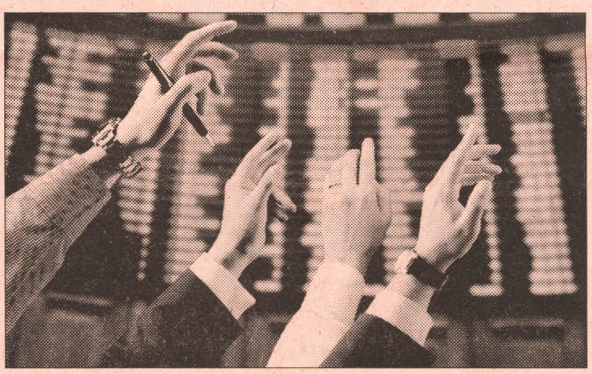
MCX begins trading in crude contract, first launch in 2 yrs

fe Bureau



New Delhi, Jan 6: Multi Commodity Exchange of India (MCX) on Tuesday began trading in a new contract called crude oil (mini), its first product launch after a gap of over 27 months.

The country's largest commodity futures exchange had last launched a contract in silver in September 2012. However, product launches had stopped, especially after its image was dented and shareholding pattern changed due to a settlement crisis at the National Spot Exchange (NSEL), a bourse controlled by MCX's former promoter and Jignesh Shah-led FTIL. The imposition of a 0.01% transaction tax on non-farm futures trading also affected product launches, according to market participants.

As of now, the Forward Markets Commission (FMC), the commodity markets regulator, has permitted MCX to offer trading in this contract until end-June, the exchange said. While the new contract will have the same specifications as those of its other crude oil contract, only the lot size will be smaller at 10 barrels, compared with 100 barrels in the usual crude contract. At the end of the day's trade, the contract witnessed a volume of 43,170 lots and open interests in 8,545 lots.

MCX joint managing director PK Singhal said: "Mini contract in crude oil has been launched to cater to the needs of the physical market participants, especially the SMEs. With this launch, the SMEs will be able to size their positions better and control their price risks efficiently."

An increase in investor interest in energy, bullion and metal contracts, primarily offered by MCX, powered the exchange's market share to 85% last month. The exchanges's market share had dropped from as high as 87.8% in July 2013, just before the NSEL crisis flared up in August, to 76.6% in December 2013.

NCDEX gets nod for seven more forward contracts

The FMC has permitted the National Commodity and Derivatives Exchange (NCDEX) to launch forward contracts in seven more commodities, the regulator said in a circular posted on its website on Tuesday.

The approval has been accorded for the launch of both transferable and non-transferable specific delivery forward contracts at a fixed price in urad, tur, yellow peas, yellow soyabean meal, pepper, RBD palmolein and bajra. The government, however, has not lifted the ban on the futures trading of tur and urad.

The regulator had in September last year allowed NCDEX to launch forward contracts, initially for only sugar and maize.

The exchange has since widened its forward contract basket and with the latest approval, the number of products available for trading has increased to 26.