MCX proposes to launch Gold Global contract



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MCX plans to launch Gold Global contract which will reflect the international gold prices since the contract excludes domestic levies such as import premium, customs duty, sales tax and value added tax. The contract will be available for trading from Tuesday.

The exchange will use RBI reference rate for arriving at a price on end of the contract period. Investors trading on this contract may benefit as they have to set aside lesser money as margin which is calculated on base price. Since the domestic levies are excluded, the base price will be lower compared to other gold contracts.

The participants will also get a margin benefit of up to 75 per cent if they trade in spreads between Gold Global and other gold contracts on MCX. Investors have both the option of taking delivery and cash settlement at the end of the contract period.

The contract is designed for refiners, exporters, jewellers, larger bullion physical market participants who import of gold bar and re-export of jewelleries, said the Exchange.

PK Singhal, Joint Managing Director, MCX, said the new contract would provide a cost-effective hedging tool for all stakeholders in the gold value chain and will reduce dabba trading, which is rampant especially in the bullion futures market.