MCX to launch Gold Global futures contract

PRESS TRUST OF INDIA

Mumbai

MULTI Commodity Exchange of India (MCX) today said it will launch the Gold Global futures contract on Tuesday

"We are launching Gold Global — an international price based contract after receiving permission from the Forward Markets Commission (FMC). This contract will be available for trade on the Exchange from tomorrow," a statement issued here said.

"The contract has been designed keeping in mind the requirements of refiners, exporters, jewellers, including larger bullion physical market participants, involved in import of gold bars and re-export of jewellery," it said.

"These stakeholders having significant exposure to international gold prices, need to effectively hedge against any adverse movement in prices," it added.

The existing gold futures contracts traded on MCX have been providing a hedging mechanism to the market participants exposed to changes in gold landed prices, which mirrors the Indian spot market.

However, a category of physical participants including Indian refiners, exporters, and jewellers are looking for contracts with less international basis risk and protection against adverse international price movements and this contract will cater to their needs. The contract will be settled based on international prices converted to Indian rupee based on RBI reference rate on the date of expiry, and will have 'both option' delivery logic thus offering an inbuilt rupee hedge to the participants.

"While the existing gold contracts on the Exchange are already an established benchmark of price and quality in the Indian bullion markets, we seized the opportunity to further entrench our position in this market by launching the Gold Global contract."



Begining

- MCX is launching Gold Global contract after receiving permission from FMC
- This contract will be available for trade on the Exchange from 14th July