Rubber futures to trade on MCX

Trading to start Aug. 16; to help 'price discovery, hedging'

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The Multi Commodity Exchange of India (MCX), the country's largest commodity exchange in terms of market share, will commence trading in rubber futures contracts from August 16.

The new contract is aimed at offering a hedging solution to participants in the rubber value chain, including growers, traders, exporters, importers and tyre manufacturing companies among others, said a statement by the exchange.

The underlying quality of the contract has been fixed as Ribbed Smoked Sheets 4 (RSS4) with the lot size pegged at 1 metric tonne (MT) with compulsory delivery option. The price for 100 kg is quoted Ex-Kochi (Ernakulam), exclusive of all sales/GST.



Sixth-largest producer

Further, contracts ending in September, October, November, and December will be available for trading.

Incidentally, India is the sixth-largest producer and second-largest consumer of natural rubber in the world with the commodity catering to a wide spectrum of industries like automobile, aeronautics, electrical, healthcare and power transmission among others.

"The rubber futures are absolutely necessary for price risk management and hedging for all the stakeholders of the rubber trade," the statement quoted Sibi J Monippally, General Secretary, Indian Rubber Growers Association, as saying.

"Rubber futures will act as a domestic benchmark for price discovery for rubber prices," he added. The production of natural rubber in India in 2017-18 was 6.94 lakh MT while consumption stood at 11.12 lakh MT.