MCX completes first physical delivery cycle in Copper & Lead Futures Contracts

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MUMBAI, AUG 2/--/Multi Commodity Exchange of India Ltd. (MCX), India's largest exchange in the commodity derivatives segment has been witnessing active participation in deliverable base metal contracts from traders and industry stakeholders. The July 2019 Copper contract, which was the first compulsory delivery based Copper contract, has witnessed delivery of 50 metric tonnes (MT). The contract and delivery size of the compulsory delivery Copper contract is 2.5 MT. LME approved brands of Grade A Copper Cathodes was deliverable at the designated Bhiwandi warehouse in District Thane. The Exchange also witnessed total deliveries of 205 MT of LME approved Lead Ingots at the designated Chennai warehouse for its July 2019 Lead contract. While lead moved from both options to delivery-based contract from June 2019 expiry onwards, delivery came in the July 2019 contract settlement. The trading lot and delivery size of Lead futures contract is 5 MT. Successful pay in and pay out was done for settlement of both these metal contracts. P. S. Reddy, MD & CEO, MCX said, "With the seamless and successful physical deliveries witnessed in Copper and Lead futures contracts, it is indeed heartening to note that now all our base metal contracts have completed one or more full delivery cycles after being converted into compulsory delivery contracts. This also is a testimony of establishment of a robust built in exchange traded physical delivery mechanism for base metals in the country."

"We are delighted to see broad-based support from the industry and believe that these delivery based contracts immensely boost domestic price discovery efficiency and convergence." Mr. Reddy added.

K M Gandhi Metals Pvt. Ltd. via Arihant Futures and Commodities Ltd. delivered copper cathodes. Mr. Mihir Gandhi, Director, K M Gandhi Metals Pvt. Ltd. said, "We are indeed glad to be the first company to deliver copper cathodes on the MCX platform in its very first copper delivery cycle. The entire process of delivering copper cathodes right up to the pay out on the Exchange was a seamless process and we hope to continue using the MCX platform for deliveries. We appreciate the support received from the MCX Team and our broker in going through the process. We hope to see the delivery based trading in a more integrated and market oriented way." Mumbai-based Amex Resources via IIFL Wealth Management Ltd. delivered lead ingots through the exchange system and the company stated, "We are regular importers of lead ingots and saw a great opportunity to deliver LME approved brand of Lead ingots on the exchange. The experience of delivering in the Chennai warehouse for lead was extremely smooth. The inclusion of district Thane as the additional delivery platform for Lead Ingots from the September 2019 expiry onward is a very welcome move."

All the base metal contracts have been made compulsory delivery based in the last 6 months. During this period, 6,877 MT of Aluminium, 2,221 MT of Zinc and 255.50 MT of Nickel have been delivered through the exchange mechanism. According to Ministry of Mines, India's copper cathodes & primary lead production during FY18-19 stood at 4,57,245 MT & 1,97,838 MT respectively. The Indian consumption of refined copper per annum is around 6.6 lakh tonnes, which as percentage of world market is about 3%. Sterlite Industries (Vedanta), Hindalco Industries and Hindustan Copper Ltd. are major producers of refined copper in India. Copper is used in building construction, power generation and transmission, electronic product manufacturing, the production of industrial machinery and transportation vehicles. While, the major uses of lead are in the manufacture of storage batteries, lead pigments, paints, ammunition and in gasoline.