MCX Gold contracts registered highest delivery

KOLKATA/MUMBAI, AUG 7/--/The Multi Commodity Exchange of India Ltd. (MCX), exchange in the commodity derivatives segment has witnessed a record delivery of 5,158.80 Kg (valued at Rs. 1821 crore) in gold August delivery contracts. Factors like increased volatility, market uncertainty, change in duty-structure and increase in gold prices encouraged both buyers and sellers to use the MCX derivative contracts effectively to hedge their margins and meet delivery commitments. The last time delivery in MCX gold contract crossed 5046 kg-mark was in October 2009.

The open interest in gold contracts (all variants) also had earlier seen a six and a half year high level of about 35,000 Kg in July 2019. MCX prices provide a three-way cover against fluctuations in international prices, currency as well as changes in duty tariff. P. S. Reddy MD & CEO, MCX said, "A robust delivery mechanism, physical market connect and strong linkages between spot and MCX derivative contracts besides our continuous quest to offer best exchange platform lead to establishment of a resilient regulated institutional structure for the stakeholders. Record delivery reflects confidence reposed by the bullion hedger community including refiners, bullion traders, listed large & small jewelers & importers in the Exchange mechanism. It reinforces the market-wide recognition of MCX Gold prices as a real time domestic benchmark." Prithviraj Kothari, National President, India Bullion & Jewellers Association (IBJA) said, "This record delivery signifies a lot for the commodity derivatives market in terms of how an institutional strength and credibility is built over a period of time, it impresses upon the benchmarks that markets have accepted and illustrates how information efficiency gets captured in the MCX gold derivatives, as there were significant factors interplaying in this series." (EOIC)