MCX logs highest gold delivery

Reflects confidence reposed by the bullion hedging community, says PS Reddy, MD

OUR BUREAU

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The Multi Commodity Exchange has handled record delivery of 5,158.80 kg (valued at ₹1,821 crore) of gold on expiry of its August contracts amid volatile prices.

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. Gold (0.999 purity) prices last month increased by ₹1,250 per 10 grams to touch ₹34,923 per 10 grams from ₹33,673 on July 1.

Similarly, gold (0.995) jumped by ₹1,245 per 10 grams to ₹34,783 from ₹33,538 on July 1. Volatile gold prices had pushed jewellers and bullion dealers to hedge their



positions on the exchange platform.

Factors such as increased volatility, market uncertainty, change in duty structure and increase in gold prices encouraged both buyers and sellers to use the MCX derivative contracts to hedge their margins and meet delivery commitments, said MCX in a statement on Wednesday.

The last time delivery in MCX gold contract crossed 5,046 kg-mark was in October, 2009.

MCX prices provide a three-way cover against fluctuations in international prices, currency as well as changes in duty tariff.

PS Reddy, Managing Director, MCX, said the record delivery reflects confidence reposed by the bullion hedging community including refiners, bullion traders, jewellers and importers in the exchange mechanism.

Credibility

Prithviraj Kothari, National President, India Bullion and Jewellers Association, 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 shows how information efficiency got captured in the MCX gold derivatives as there were significant factors interplaying in the August contract series, he said.

On Wednesday, pure gold prices continued its upward march to touch ₹564 per 10 grams to ₹37,042 from ₹36,478.