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MCX launches iComdex composite indices

OUR BUREAU

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Multi-Commodity Exchange has launched a new series of indices – MCX India Commodity Indices (MCX iComdex).

These indices are based on commodity futures contracts traded on MCX and adhere to financial benchmarks set by the International Organisation of Securities Commissions in construction, administration and governance.

11 liquid futures

MCX iComdex composite index consists of 11 liquid futures contracts across different segments traded on the exchange. It includes two sectoral indices MCX iComdex Bullion Index and MCX iComdex Base Metals Index and four single-commodity indices – Gold, Silver, Copper and Crude Oil – are being disseminated under the iComdex series of indices.

It is an excess return indices which consist of a composite, sectoral and single commodity indices. The live index values are being disseminated on a continuous basis. These indices have a base value of 10,000 as on December 31, 2015.

Excess Return indices such as MCX iComdex, provide a 'roll return' (generated as the underlying constituents are 'rolled over' on their expiry) apart from price returns. As such, they reflect the actual returns generated from holding a portfolio of futures, rather than physical commodities.

Derivative products

PS Reddy, Managing Director and CEO, MCX, said the launch of new series of indices reflects the exchange's aspiration to provide best benchmarks to commodity investors, while fulfilling market stakeholders' demand for appropriate underlying for index derivative products, which will be launched after regulatory approval.

"We are confident that when products (such as futures, ETFs etc) are launched, all classes of investors shall be able to take exposure to commodities/ commodity segments in a very cost-efficient manner," he said.