Press Release

MCX gold guinea contract posts record delivery of 10,908 coins

Becomes Investor's favourite Asset Class

Mumbai, 03 November 2008: The Multi Commodity Exchange of India Ltd. (MCX), India's leading commodity exchange, witnessed a record delivery of 10,908 coins in October expired contract, surpassing the previous high of 8,900 coins for the August contract — a sign of growing retail investor participation in the Gold Guinea contract.

The settlement price on expiry of the contract was Rs. 9,622 per 8 grams (including the making charges of Rs. 200 per 10 grams being charged from the buyer against a very high premium in physical gold coins as charged by other options available). Open interest on the expiry date was 11,839 coins, of which 10,908 coins (app. 92 %) went into delivery.

MCX spokesperson said, "The sale of gold guinea has gone up due to the festive season. Our gold guinea contract is designed largely for the physical commodity users/retail investors to take maximum benefit from investment in gold. Continued strong delivery reflects confidence of the participants in transparent pricing and acceptance of the exchange standards on coinage, and we look forward to continued record deliveries in the future contracts of the exchange."

The retail participation in the gold guinea contract is on the rise as evident from data showing that MCX members across the country took delivery on behalf of their clients, with delivery ranging from as low as 1 coin to multiple coins.

MCX gold guinea contract is increasingly finding favour with the retail investors because the exchange has been able to provide them with an efficient and transparent platform for trading gold and allow them to get physical delivery, unlike other comparable products, which only allows the participants to take advantage of price movements in gold but do not enable delivery of coins. The high conversion rate of open interest of over 90 percent for the delivery of coins on the expiry date in the Gold Guinea October contract corroborates this point.

Again, the transparency of pricing of the gold guinea contract is clear from the fact that its average daily volatility and intraday volatility in the month of October was lower compared to other similar investment avenues of gold through exchange traded funds (ETFs). The strength of the MCX contract becomes more conspicuous as it is traded for almost 14 hours a day, which included the period when the international market is most active.

Further, for the month of October, the trading volume in MCX gold guinea contract was almost double that of all similar size exchange traded products, which resulted in high liquidity and lower impact cost for the investors participating on the MCX platform.

About MCX

Headquartered in the financial capital of India, Mumbai, MCX (www.mcxindia.com) is a demutualised nationwide electronic multi commodity futures exchange set up by Financial Technologies with permanent recognition from Government of India for facilitating online trading, clearing & settlement operations for futures market across the country. The exchange started operations in November 2003

MCX offers futures trading in 48 commodities as on June 30, 2008, defined in terms of the type of contracts offered, from various market segments including bullion, energy, ferrous and non-ferrous metals, oils and oil seeds, cereals, pulses, plantations, spices, plastics and fibres. The exchange has forged eighteen strategic alliances with Indian commodity exchanges, trade exchanges and international exchanges.

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