MCX commences trading in RBD Palmolein Futures

Mumbai, April 05, 2017: Multi Commodity Exchange of India (MCX), India's No. 1 commodity exchange, today, commenced futures trading in Refined, Bleached and Deodorized (RBD) Palmolein. This new contract, expands the existing suite of Agri products being traded on MCX Platform.

The exchange has currently launched May, June, and July 2017 contracts in RBD Palmolein, with 10 MT as the trading unit and Kandla (Gujarat) as the basis centre. The transaction charges on RBD Palmolein futures contract is Rs.1.0 per Rs.1 lakh of turnover. This new RBD Palmolein futures contract, alongside the existing Crude Palm Oil (CPO) contract is expected to benefit refiners, importers, and palmolein end users, providing such market participants a complete solution to manage refining margins and hedge against unfavourable price movements in the global crude palm oil and palmolein markets.

RBD Palmolein futures contract on MCX has garnered good response with traded volumes and open interest clocking at 2,330 MT and 890 MT respectively, as of 02:00pm today.

India is one of the world's largest vegetable oil importing countries of which Palm oil accounts for 70% of the total edible oil imports. India imported roughly 5.75 million tons of Palm oil and roughly 2.62 million tons of RBD Palmolein during the year 2015-16. Standalone demand and consumption of refined Palmolein (RBD Palmolein) as well as its blending with other oils has increased substantially over the years, due to its cost-competitiveness vis-a-vis other edible oils and is used extensively in food processing industry, industrial frying fat of instant noodles, potato chips, doughnuts, salad, cooking oils, confectionery, biscuit and bakery industries.

Mr. Mrugank Paranjape, MD and CEO, MCX said, "We believe RBD Palmolein futures contract is an excellent risk management product for palm refiners, end users of palmolein and its importers. Since international oil prices continue to exhibit highly volatile patterns, they affect domestic edible oil industry players, and any adverse movement in prices could make the business unviable because of the industry's extremely thin margins."

"We continue to remain committed to broadening our suite of product offerings across segments including agri, bullion, base metals and energy, and are pleased to be able to better address the industry's hedging needs. MCX has been constantly engaging market participants on their risk management needs, and this new contract will provide additional hedging capability to the rapidly growing palm oil market", Mr. Paranjape stated.

Mr. B. V. Mehta, Executive Director, The Solvent Extractors' Association of India said, "We welcome the new 'RBD Palmolein' futures contract launched by MCX today, as it gives the industry participants an effective instrument to hedge against the risk of unfavourable price movement in the physical market and also aid corporates to protect their refining margins. Together with the successful CPO contract, refiners can now lock in their wafer-thin margins."

According to United States Department of Agriculture (USDA), the world Palm oil production projection in 2016-17 is 63.86 million tons as against 58.84 million tons in 2015-16. The world's two largest Palm oil producing countries are Indonesia and Malaysia which together account for nearly 85% of the world production. Other major producers include Columbia, Thailand and Nigeria.

About MCX:

Having commenced operations on November 10, 2003, Multi Commodity Exchange of India Limited (MCX) is India's first listed, national-level, electronic, commodity futures exchange with permanent recognition from the Government of India. The current market share of MCX stands at 90%. MCX offers the benefits of fair price discovery and price risk management to the Indian commodity market ecosystem. Various commodities across segments are traded on MCX. These include bullion, energy, metals and agri commodities. The exchange has forged strategic alliances with various international exchanges, as well as Indian and international trade associations. For more information about MCX and its products visit www.mcxindia.com.

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