MCX records highest notional turnover of Rs 2931 crores in Gold Options

Mumbai, July 25, 2018: MCX Gold Options touched record notional turnover and volume of Rs 2931 crores and 9641 kilograms (kgs) on Tuesday, July 24, 2018 with a premium turnover of Rs 33.26 crores. The Gold Options of July series expiring on 27th July 2018 were the most active traded contracts. The open interest has also witnessed a record of 3986 kgs at the end of the day.

The previous record was set on May 29, 2018 when trade worth of Rs 2021 crore (6443 kgs) was transacted on the exchange in Gold Options.

MCX Gold Options are being seen actively used for hedging by physical participants from bullion & jewellery segment alongside futures contracts. The European styled Gold options on futures, on exercise, devolve into underlying Gold futures on the day of expiry and position holders get respective long/short positions in the underlying contract. MCX introduced Liquidity Enhancement Scheme (LES) in Gold Options w.e.f. April 24, 2018 to facilitate wider participation in the contract initially, aimed at building sustainable liquidity and depth in the contract.

The following are the performance highlights of MCX Gold Options -

- The average daily notional turnover (volume) for the months of June and July (till 24th) in Gold Options stood at Rs 520 (1661 kgs) and Rs 623 crores (2047 kgs) respectively.
- The open interest (EOD) in gold options recorded a new high of 3986 kgs on July 24, 2018.
- Average daily volume and open interest for the period of July '18 (till 24th) were 28% and 43%, respectively, that of the underlying futures contract i.e. Gold 1 KG

The other options contracts trading on MCX includes Crude Oil (100 BBL), Copper (1 MT), Silver (30 KGs) and Zinc (5 MT). These contracts were launched recently in the months of May and June '18.

Speaking on the occasion **Mr. Mrugank Paranjape, MD & CEO MCX** said, "We are encouraged to witness overwhelming response to our gold options. It has been our constant endeavour to provide the value chain participants with flexible, robust and efficient hedging tools for their price risk management. The gold options would go long way in complementing our existing futures contract".

Mr. Surendra Mehta, National Secretary of India bullion and Jeweller Association (IBJA) said, "The record volume for gold option shows acceptability of 'option' as a product which will go a long way to cover jewellers risk. It also shows that this unorganized gold market is keen to accept organised exchange."

Mr Haresh Acharya, Secretary of Bullion Federation said, "Gold and Silver options at MCX have gathered traction and we find increasing number of jewellers and bullion traders utilizing this new instrument in running their day-to-day business from risk management perspective. Awareness creation effort from the MCX bullion team has become a regular feature pan-India and will create more participation in coming times."

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 derivatives exchange. It is also the first exchange to introduce commodity options in India. In the financial year 2017–18, the market share of MCX was 89.58%. 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 the Exchange platform. 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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