MCX Commences Options Trading on Zinc Futures

Mumbai, June 21, 2018: Following demand from market participants, Multi Commodity Exchange of India Ltd. (MCX), the country's largest commodity derivatives exchange, today commenced trading in zinc options contract with zinc (5 MT) futures as the underlying. It registered a **traded volume of 257 lots (One lot = 5 MT) valued at Rs. 27.47 crore till 05:00pm.** The first trade was executed by East India Commodities Pvt. Ltd.

Currently, the options contracts expiring in the months of July' 18, August' 18 and September' 18 have been offered for trading. Each expiry shall have a minimum of fifteen strikes available for call and put options; viz. seven each for In the Money (ITM), seven Out of the Money (OTM) and one At the Money (ATM). The zinc options contract will offer its stakeholders added flexibility to hedge and manage their price exposures in a transparent and regulated trading environment.

Zinc, an invaluable non-ferrous base metal and a strategic priority for many industries, has seen a surge in demand from the galvanizing industry over the last few years. However, with base metals seeing a volatile run zinc prices have also been witnessed to extreme volatility over the last few years, leading to stress amongst zinc consumers and producers alike. Thus, making it imperative for its stakeholders to resort to effective price risk management alternatives.

Speaking on the launch**, Mr. Mrugank Paranjape, MD & CEO, MCX said,** "We are happy to have received enthusiastic response on the launch of Zinc options today. This contract would serve as an efficient hedging tool for the industry alongside our already successful zinc futures contract and would further strengthen our value proposition to the industrial metals participants, enabling them to tackle price volatility or any adverse movement in a cost effective manner. It will also prove to be an excellent risk management tool for the base metal value chain participants, especially those in the galvanizing and die casting industry that have a fairly large consumption of zinc."

Mr. Bhuwan Purohit, Wholetime Director & COO (Zinc), Rubamin Limited; Vice President, EXIM Club said, "The move by MCX to launch zinc options is a very welcome one, as it will not only complement the current futures contract but also help the industry in predicting their business margins better. By paying a small premium or the cost of option we can lock a specific price for a specific period of time."

Roughly 50 per cent of all metallic zinc produced today is used to galvanise other metals, such as steel or iron, to prevent corrosion. Large quantities of zinc is used to produce die castings, which are used extensively by the automotive, electrical, and hardware industries. Zinc is also used as a chemical compound in rubber, ceramics, paints, and agriculture. Zinc coating is widely used to protect finished products ranging from structural steelwork for buildings and bridges to nuts, bolts, strips, sheets, wires, and tubes.

According to Ministry of Mines, India's refined zinc production during FY17-18 stood at 7,91,460 MT as compared to 6,71,988 MT during the previous financial year. In 2017, the world Zinc production was around 13.7 million metric tonnes (MMT), as compared to 13.7 MMT in 2016. The world's Zinc consumption stood at 14.2 MMT in 2017 compared to 13.9 MMT in 2016.

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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