

PMEX lists Brent Crude Oil Futures Contracts

Karachi - December 19, 2016: Pakistan Mercantile Exchange (PMEX), the country's only multi-commodity futures exchange, launched Brent Crude Oil Futures Contracts, duly approved by the Securities and Exchange Commission of Pakistan (SECP). These contracts are cash settled with trading units of 10 and 100 barrels and the price quotation is in USD but margins are paid in PKR. The above mentioned contracts have been made available for trading from December 19, 2016.

Crude oil is one of the most significant sources of energy in the world and is therefore critical for global economic growth. In Pakistan, crude oil is a key component of the economy where transportation & power industries are the major consumers. The country is deficient in indigenous production of crude oil, therefore bulk of the requirement is met through large quantity of import every year thus exposing the importers to price volatility risk.

At the launch of the Brent Crude Oil Futures Contracts, Mr. Ejaz Ali Shah, Managing Director, PMEX said, "We are delighted to add another product in our portfolio. With the introduction of this contract in our energy product mix, market participants can now trade in both Brent & WTI standards of crude oil. We are confident that the new product will provide an excellent opportunity for market participants such as refineries, oil marketing companies, airlines, etc. to hedge their price risk."

The Exchange is relentlessly striving to broaden its product range by launching a rich mix of products to further enhance its product portfolio. Recently, PMEX launched cash settled futures contracts of Copper and deliverable contracts of Paddy Super Basmati Rice. Additions of new products will not only help the brokers to attract new business but also provide portfolio diversification opportunities to the market participants.

PMEX lists Copper Futures Contract

Karachi - Tuesday, October 25, 2016: Pakistan Mercantile Exchange (PMEX), the country's only commodity futures exchange, launched Copper Futures Contract duly approved by the Securities and Exchange Commission of Pakistan (SECP). PMEX Copper Futures Contract is a cash settled contract. Trading unit of the contract is 1,000 pounds and the price quotation is in USD but margins are paid in PKR. The contract was made available for trading from Wednesday, October 26, 2016.

Copper ranks as the third-most-consumed industrial metal in the world, after iron and aluminum. Presently, in Pakistan, copper is used in industrial manufacturing, cable, electronic and home appliances. Its consumption centers are located in Karachi, Lahore, Gujrat, Gujranwala, Rawalpindi, Islamabad, Peshawar, Kasur and Kotri. Pakistan is deficient in indigenous production of copper, therefore bulk of the requirement has to be met through import exposing the consumers to price volatility risk. Introduction of Copper Futures Contract will provide hedging opportunities to all such consumers against the price volatility risk in a convenient manner.

At the launch of the Copper Contract, Mr. Ejaz Ali Shah, Managing Director, PMEX said, "The Exchange endeavors to offer products that cater to the needs of all types of market participants such as investors who invest in commodities for long term, traders who work with the aim of earning profit based on their market strategy and hedgers who trade to mitigate their risk, using commodity futures market. Against this backdrop, PMEX is relentlessly striving to broaden its product range by launching a rich mix of products to further enhance its product portfolio. This will not only help the brokers to attract new business but also provide portfolio diversification opportunities to market participants."

Red Chilli Farmer Subsidy Handover Ceremony at PMEX

Karachi, October 18, 2016: Pakistan Mercantile Exchange (PMEX), the country's only multi-commodity exchange, organized a ceremony at its head office in Karachi, to mark the handing over of subsidy by SEDF. Ms. Naheed Memon, Chairperson, Sind Enterprise Development Fund (SEDF)/Sindh Board of Investment, handed over a subsidy cheque for the Red Chilli farmers to Mr. Ejaz Ali Shah, Managing Director, PMEX.

SEDF graciously decided to provide subsidy to farmers on the trading fee and interest rate (on financing against their produce), which would not only encourage the farmers to trade at the technology-driven trading platform of PMEX, but also reduce the transaction cost for the farmers significantly thereby passing the benefits to the grass root level.

Commenting on the occasion, Mr. Ejaz Ali Shah said, "I am grateful to SEDF for reposing confidence in the Red Chilli trading platform of PMEX and consenting to provide subsidy to red chilli growers. PMEX is relentlessly striving to link the Exchange with the real economy by bringing agricultural commodities trade on its platform. Our Red Chilli project in association with value chain participants such as Agility, Pakistan Agricultural Coalition (PAC) and SGS has set a good example of a successful collaborative model which will be replicated for other commodities in the future."

Moreover, he said, "Once modern warehouses are established and certification along with credit facilities are made available to farmers, they will be able to avoid 'distress' selling and will be in a better position to get a fair price for their produce in an efficient manner. PMEX will remain committed towards playing its due role in the development and success of the required eco system."

Ms. Naheed Memon, Chairperson, SEDF said, "Government of Sindh (GoS) has devised a new strategy to facilitate electronic trade of agricultural produce, this strategy will bring revolutionary changes towards traditional agri-practices in Sindh by minimizing the role of 'middle-men' and connect the farmers to local and international markets. Accordingly, SEDF is glad to announce a subsidy on PMEX's e-trading fee of Rs. 2.5 per KG for 6,000 tons per season for two seasons. Total amount of subsidy under the scheme will be Rs. 30 million. SEDF in consultation with PMEX is devising a mechanism to ensure that subsidy reaches to wider range of growers. SEDF is also further subsidizing the financing cost under the Warehouse Receipt Financing Scheme through ZTBL by absorbing the KIBOR portion. Total amount of subsidy under the scheme will be Rs. 30 million (Rs.15 m per season). We believe that these revolutionary steps will lead to provide premium price to farmers for their quality produce eventually resulting in quality crop inputs over the period of time. Moreover, providing prompt payments to farmers within 72 hours through Warehouse Receipt Financing Scheme will enable them to timely invest in other crops."

Mr. Akif Saeed, Commissioner, Securities and Exchange Commission of Pakistan along with other Senior Executives from SEDF, World Bank, Sind Agricultural Growth Project, Agility, PAC, SGF, National Foods, Pak Brunei Investment Company and World Bank graced the ceremony.

PMEX Holds Red Chilli Awareness Programs

Karachi – August 18, 2016: Pakistan Mercantile Exchange Limited (PMEX) is relentlessly striving to bring the agricultural commodities on its platform. In this regard, the Exchange launched Red Chilli deliverable contracts in October 2015. PMEX received an encouraging response from all the market participants for the efforts that resulted in better quality red chilli production, quick cash payout to the farmers and overall efficiency in the red chilli trade.

Capitalizing on this success, PMEX in the upcoming trade season will offer another variety of red chilli commonly known as hybrid. The trade centers for hybrid are located across the country with major trade activity in Kunri, Sindh and Faisalabad, Punjab.

To encourage further trade and to create awareness among buyers, farmers and traders of red chilli, PMEX held awareness sessions in Kunri, Faisalabad and Karachi prior to the arrival of upcoming crop of 2016. All the three sessions were well received by the red chilli value chain participants who are looking forward for the upcoming trade season.

Moreover, PMEX is also collaborating with banks to provide finance against warehouse receipts to the value chain participants enabling them to meet their immediate liquidity requirements. Under the proposed scheme, the growers will get a warehouse receipt against the deposit of their produce at the PMEX designated warehouse. Once the warehouse receipt is issued, the grower will have the option to approach the participating banks for borrowing money against the warehouse receipt to fulfil their immediate liquidity needs and thereon sell their produce whenever the prevailing market price is favorable for them.

Going forward, PMEX plans to replicate the model of Red Chilli for other agricultural commodities as well.

PMEX and Iran Mercantile Exchange Announce Memorandum of Understanding

July 20, 2016: Pakistan Mercantile Exchange Limited (PMEX), the country's only multi-commodity exchange, and Iran Mercantile Exchange (IME) signed a Memorandum of Understanding (MOU) on June 30, 2016.

The signing ceremony was hosted by IME in Tehran, and Mr. Ejaz Ali Shah, Managing Director, PMEX, and Mr. Hamed Soltaninejad, Managing Director, IME, were the signatories.

The prime reason for PMEX to sign the MOU is to learn from the experience of IME with regards to the physical deliverable products, in specific the agriculture commodities, on the Exchange platform. Going forward, as Pakistan and Iran are trade partners in a lot of commodities, PMEX & IME will be evaluate the possibilities for cross listing of commodities to bring efficiency in terms of both cost and convenience to traders of both markets.

In addition, the MOU would also pave way for both the institutions to work in close coordination for the development and enhancement of derivatives and financial markets in Pakistan and Iran by sharing best practices, market information, industry knowledge and cross training of staff.

On the occasion, Mr. Ejaz Ali Shah, Managing Director, PMEX said, "We are pleased to sign the MoU with IME and look forward to learn from each other's experiences and explore new ideas including cross listing of commodities".