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Invest - Trade - Earn
AN ISO 9001:2008 CERTIFIED EXCHANGE

MEX EXPRESS

A Smart Solution for Online Trading

www.mexnepal.com

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KYC: Cocoa

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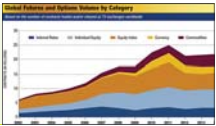
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From the CEO's Desk



Thanking all of MEX Nepal associates for their valuable output to launch new version of AX-1 trader with modernized features. The new version of console

is user friendly and can avail the wide choices of trading alternatives. MEX Nepal is always dedicated to upgrade the system for users by improving the previous versions, such as the addition of fund withdrawal and deposit tab that was much in demand.

We are also proud to add yet another service that is the Android Version of AX1Trader. As the market is always on the move and so is the need of portable devices growing, we have successfully launched this version with respect to the widespread use of these devices. We hope to serve a wide range of clients through this endeavor of ours.

Market awareness and market development has always been our priority. We are always trying our best to enhance the market capacity of existing as well as new customers. Thus we intend to add value to our existing customer for their market expansion by helping them in the form of free training, business expansion guidance, client's procurement, client management etc. We have been consistently conducting our Free Training for market participants on varied subjects such as fundamental, technical, software, market mechanism etc.

Last but not least, we will accept any good suggestion from our valuable associates to serve our commodity market, let's join our hands together for development of commodity market to new height.

- Jitesh Surendran

High Frequency Trading



High Frequency Trading (HFT) is speedily execution of orders in very short time by automated computer program with application of algorithms. The HFT was observed first time in 1999 and its use caused excess volatility in the market. HFT has motive to trade with big volume to gain with low risk and without holding for long period.

HFT firm uses computer programming in form of algorithms to track the

trend of price and fluctuating levels which helps them in making in flow of money even faster. In the system it has fast processing such that there is instant execution of the desired orders. It also takes each opportunity of market whether it is bigger or smaller. Programs works in high fluctuating data time and provided that there is small human intervention to look out trading smoothly. Because of this HFT, their Sharpe ratio (Reward to risk) is

almost ten times bigger than traditional trading strategy.

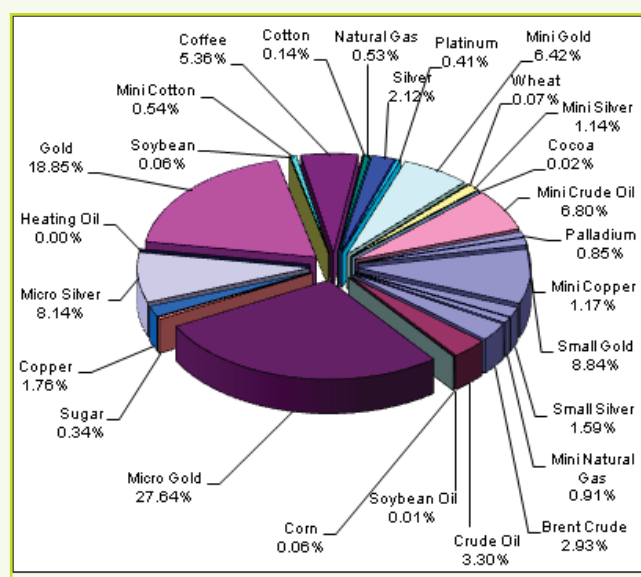
As per one of report, HFT firms capitalize 2% of 20,000 companies operation in 2009 in America and it has accounted for 73% of all equity orders volume. And in 2012, HFT accounted for more than 60 percent of all futures market volume on American exchanges. It is getting broader around globe because of its liquidity, profitability, less cost and market efficiency. Chicago Trading, Jump, Jane Street Capital, Hudson River Trading, IMC Financial Markets, Sun Trading, RSJ Algorithmic Trading, Flow Traders are few popular name who are involved in this HFT as primary business in stock, commodity and other derivatives. Such trading in Nepal is not noticed till now but as per growth of industries, it might come soon.



Lakshman Pandit
Manager
Business Development
MEX Nepal

Market Capitalization - Futures Contracts

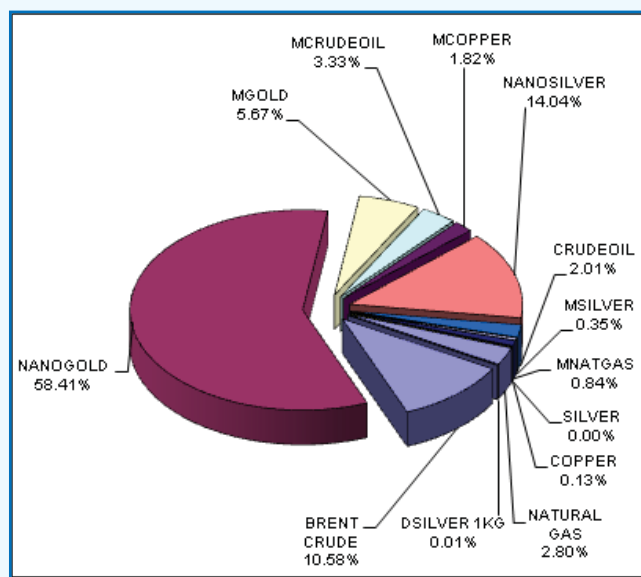
From January 2015 - March 2015 (in%)



Market Capitalization of all the future contracts listed in the MEX terminal. Micro Gold has the maximum capitalization followed by Gold & Small Gold.

Market Capitalization - Spot Contracts

From January 2015 - March 2015 (in%)



Market Capitalization of all the spot contracts listed in the MEX terminal. Nano Gold continues to have the maximum capitalization followed by Nano Silver and Brent Crude.

Know Your Commodities

Cocoa

Introduction

Cocoa, also called cacao, is the dried and fully fermented fatty bean of Theobroma cacao which is used for the extraction of cocoa solids and cocoa butter. The Latin name for cocoa “Theobroma” which means, “food of the gods” is among those valuable crops which played a crucial role in several earliest South American cultures. History showed that Mayans basically used cocoas to produce a ceremonial beverage that was offered during the betrothal and marriage ceremonies.

Almost after a century, Spain lost its control on the European Chocolate market. In around mid-1600s, drink made out of brown beans had increased popularity in France. It was considered to be enjoyable and a healthy drink enjoyed by the well-off people.

Cocoa trees are found in tropical environments, within 15 to 20 degrees latitude from the equator. The perfect climate for production of cocoa is during hot, rainy and tropical, with lush vegetation to provide shade for the cocoa trees. Cocoas are primarily found in Africa, Asia and Latin America. Almost 3,000,000 tons of cocoas are produced every year. Near about 131.7% increment has been noticed in past 30 years with an annual growth of 2.9%.

Three main varieties of cocoa are:

- Forastero:** Considered to be forefather among the variety of cocoas. It accounts for some 80% of global cocoa cultivation. Its basic characteristics are powerful, less aromatic cocoa flavors.
- Trinitarios:** It's a combination of consumer cocoa along with nice flavors of luxury cocoas.
- Criocolla:** It is finest among the luxury cocoas. These Criollo plants are more prone to fungal diseases, so smaller yields are produced. As a result, these cocoas are very expensive in comparison to other.

Netherland stands to be the highest importer of cocoas. It imports reached

20.6% in 2014; it is considered to be main port in Europe. United States America imported 18.5% of cocoa complementary products. Similarly other major importers of cocoas are Malaysia 10.8%, Germany 8.3%, Belgium 6.0%, France 4.7%, the United Kingdom 4.2% and Spain 2.4%. On the suppliers side, top 5 major producers of cocoa are Cote d'Ivoire 1.3million tons, Ghana 720 thousand tons, Indonesia 440 thousand tons, Cameroon 175 thousand tons and Nigeria 160 thousand tons.

Fundamental Facts

- About 70% of the global cocoa is produced in West Africa.
- Ivory Coast and Ghana are the major producers of cocoas, but due the unstable political, social and labor disputes in the country; the supply of the cocoa is not stable.
- There are 5-6 million cocoa farmers worldwide. Livelihood of 40-50 million people are depended on cocoa farming. About 90-95% cocoas are produced by small farmers.
- As cocoa is the major ingredient to make chocolates. In order to 1 Kg of chocolate, about 300-600 cocoa are being processed depending on the desired cocoa content.
- Cocoa being strongly co-related to pound rather than dollar as Britain has prominent domination over West African cocoa industry.
- Major influencers of cocoa prices are Global cocoa and confectionery industries.
- Major threats to the cocoa are the “Black pot” disease; news regarding this disease can highly hamper the prices of cocoa.
- Amsterdam is the world's most important cocoa port: 500,000-600,000 tonnes of cocoa go through the port each day.

Some Interesting Facts

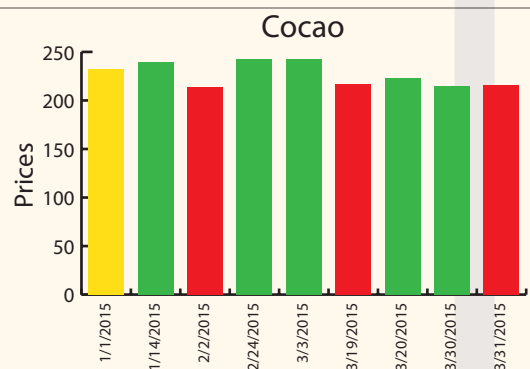
- The first time cocoa or chocolate was used as a romantic gesture was in the Mayan culture.
- It takes a cocoa tree five years to produce its first cocoa beans (pods).
- Cacao trees range from 13-26 feet tall. Sometimes reaching 32 feet.
- Cacao beans used to be a currency. They would once even be given as a dowry when members of the Spanish Royal family married other European aristocrats.

Cocoa @ MEX

- Cocoa has been trading initially in the futures platform and later on the spot contracts in the MEX platform.
- Cocoa is the agriculture available for trading in the MEX terminal at present with initial margin of Rs. 19000 for 2500 Kilogram.

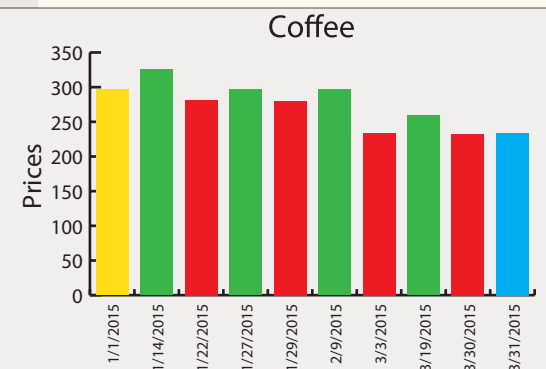


Major Market Movers for Cocoa & Coffee (1st January-31st March 2015)



Note:

Date	News
1/1/2015	Opening price as of 1st January 2015
1/14/2015	Increase in demand from Asian and Western Markets.
2/2/2015	Demand falls from North America to Europe to Asia
2/24/2015	Valentine day strong demand & supply deficit
3/3/2015	Fall in production in West Africa
3/19/2015	Due to a twist of weak grind data.
3/20/2015	Traders expect less world production
3/30/2015	Good mid-crop production with supply pressure
3/31/2015	Closing price as of 31st March 2015

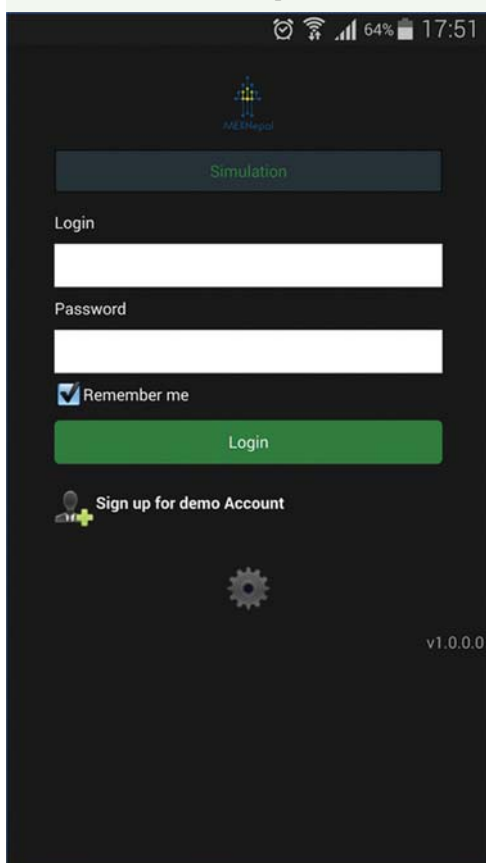


Note:

Date	News
1/1/2015	Opening price as of 1st January 2015
1/14/2015	Declining coffee output
1/22/2015	Recovery in its production compared to the earlier estimates
1/27/2015	Coffee caught the tailwind of the falling dollar
1/29/2015	Falling oil price are making cheaper
2/9/2015	Coffee gets boost from dry outlook in Brazil
3/3/2015	Signs of bigger supplies sent coffee price down
3/19/2015	Weather reports showed dry growing conditions in Brazil
3/30/2015	Brazilian farmers have increased exports
3/31/2015	Closing price as of 31st March 2015

AX1 MEX Trader Live in ANDROID from 23rd February 2015

With high market demand for Mobile Trading, MEX Nepal proudly launches the AX1 MEX Trader Live Platform in ANDROID from Monday, 23rd February, 2015. after successfully going live in iPhone/iPad and MAC, MEX Nepal had always been looking forward for this ANDROID version of the trader. The version is compatible for Android 3 and above, however Chat facility and Messages [Specially Margin Call Notifications] are not available. Similarly, Market Makers cannot place MM EPL Quotes through Android Trader and Sub Broker/AE can login and access/trade for the individual accounts but do not have option for Multi trade.



SPACE - A MEX Initiative

In our constant endeavor of educating the market participants and thereby fostering market awareness, MEX Nepal is proud and privileged to incorporate SPACE i.e. Strategic Participation in Commodities Education, in its website for enhanced coverage.

SPACE is an informative & educative program catering to the needs of the market prospects by furnishing training on the various aspects of the commodity market. Having commenced the training program in mid-2014, the program has been successfully organized in various colleges inside Kathmandu Valley. The encouraging response from the colleges has made us believe that quality education from the pioneers in the commodity market is imperative to drive the industry forward.

Through SPACE Programs MEX is conducting trainings not only for Business Colleges but also for various arrays of market participants, including prospects of our Brokers.

Introduction of Individual Market Maker under a Broker from 1st February 2015

MEX Nepal introduced the very concept of Individual Market Makers for the first time in Nepal. MEX Nepal now authorizes and empowers its brokers to introduce individual market makers (IMM) under them. This gives the brokers to expand their business as well as ensure diversification in the market.

Launch of New Contract DSILVER100GM from 2nd February 2015

MEX released a new contract "DSILVER100GM" from 2nd February, 2015. In addition to DSILVER1KG and DSILVER20KG MEX is proud to add one more option in the range of Physically deliverable products. This product has been specially launched keeping in mind the needs of the small traders and for this MEX has tied-up with Anand Jewellers who shall be the delivery vendor for 100 GMs Silver and whose registered office is at Indra chowk, Kathmandu, Nepal. Customers willing to trade in this product are required to open bank account in CCBL and provide bank statement & signed terms and conditions to its concerned Clearing Member for further processing. Brokers are requested to use the attached "Revised Terms & Conditions" to be signed by customer for trading in any of the DSILVER products i.e. 100 GMs, 1 KG & 20 KG.



Upgradation of DSILVER100GM into DSILVER1000GM from 2nd February 2015

The product DSILVER100GM whose delivery vendor is Anand Jewellers has been revised and upgraded into DSILVER1000GM with effect from Tuesday, 31st March, 2015. The new upgraded product can be traded with decimal lot of 0.1 & its multiples and commission will be charged in the ratio of trading unit. All other norms, procedures and process shall remain same.



MEX Anniversary & 6th Annual Awards on 11th January 2015

MEX has completed its six glorious years in the Nepalese Commodity Market and is energetically ready to enter the seventh year of its operation. It always had a long-term vision for this and many more years to go. On this auspicious occasion, MEX is highly gratified to all its valuable Members, Brokers, Sub Brokers, Clients, Stakeholders, Business associates and Well wishers for their continuous support as well as the connections you all have shared with us. To celebrate this occasion as well continuing the legacy of annual awards, MEX successfully organized the 6th Annual Awards in the premises of Hotel Manaslu on 11th January 2015.

The winners of the awards were as below:

1. Best Startup Broker - Three Star Investment Company Pvt. Ltd.
2. Best Emerging Broker - Banepa Investment Pvt. Ltd.
3. Best in Market Expansion - Sonata Investment Pvt. Ltd.
4. Best in Customer Focus - Fewa Trade and Investment Pvt. Ltd.
5. Best in Market Expansion - Sonata Investment Pvt. Ltd.
6. Best in Ethics and Compliance - Laxmi Gold Investment Pvt. Ltd.
7. Most Loyal Broker - Norex Pvt. Ltd.
8. Best in Infrastructure - Jambhala Investment Pvt. Ltd.
9. Executive of the year - Mr. Kanhaiya Ghiraiya Expedient Securities Pvt. Ltd.
10. Broker of the Year - Money Plus and Securities Pvt. Ltd.

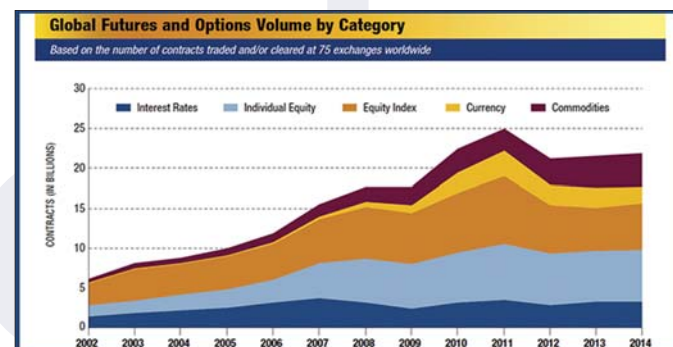


The Commodity: An Evergreen Business

Commodity derivatives market is an ever green business of all times which includes major sector of industries like energy, industrial metal, precious metals, agricultural products etc. This market runs 24 hours and 5 days in a week which empowers itself to dominate over other business by providing flexibility and liquidity at any point of time. 12 billion futures contracts out of 22 billion derivatives contracts were traded in all the exchanges which represent 19 % of total share of derivatives in 2013 all over the world. More than 20 billion commodity derivative contracts were traded last year i.e, in 2014; which is numerically world's highest among global business and if we look at only agricultural futures & option, then it is 1.40 billion equivalent to 6.4% of total international market. The highest volume of trade was noticed in Asian exchanges that equaled to more than 13% in the year 2013, then followed by America(+9.7%) and the Middle East(+0.5%). These values themselves tell story of commodity market proving it to be one of the most demanded market.

From consumer to producers, all are involved either in commodity or commodity derivatives. It is because all that we care are the prices of commodities that we deal with in our day today life.

Commodity market welcomes all types of investors as per their investment competency from small to larger investors. The market facilitates appropriate opportunity for individuals or corporate traders, brokers, market members, fund managers, speculators, hedgers and other associates as well. As we know commodity trading is done online which makes it available and accessible to all the users living anywhere. A telephone and an internet connection is sufficient to carry out the business in an easy mode without the need of any extra efforts and expenses.



Off course, no business in the world exists without risk. There is risk in commodity trading too but ample of paraphernalia are accessible to mitigate risk. One thing is for sure here, the more we enhance our knowledge the lesser is the risk. To be successful in commodity market, we must keep a balance between risk & return and to put the adequate flow of money supply for holding executed contracts for assured return. The most important aspect is to be updated with world's financial market at all times.

We might have bad experience in this market but still there are exchanges that are following strict compliance for welfare of the industry. Therefore let's embrace this developing market with full hand to build up this market to new height like Singapore, America, Australia, India, China, etc.



Vijay Kumar Pandey
Chief Executive Officer
Devine Investment & Trade Pvt. Ltd.

Why Gold Hit a Five - Year Low & Will Likely Fall Lower

Gold the most tradable metal and as we say safe heaven to invest is also the most volatile metal in commodity. It is but, the fall of \$1132 to around \$1078 was historic fall because it reached the 5 years low price. It was a moment of great shock for all around the world. In below paragraph, we will try to know why the price of Gold fell so badly and what are factors that created five years' low price of gold. The problems in Greece and China threw the world markets into a

One area that seems impervious to the emotional rollercoaster ride is precious metals. When it comes to gold, the market appears particularly relaxed. So relaxed that it's at the risk of falling into a coma. If financial chaos drives the price of gold, then the near-exit of Greece from the euro zone, coupled with a free-falling Chinese stock market, should have sent the metal soaring.

To be fair, there was a spike in mid-June that pushed the prices to \$1,200.

bleed in gold must be for a different reason, and I think I know what it is.

Recently the Chinese government reported how much gold it holds in official reserves. The last report was in 2009, when it held 1,054 metric tons. Given that the Chinese collect a lot of foreign currency through their trade surplus, and that they're desperate to have their currency included in the IMF's special drawing rights, many people expected their gold holdings would have at least doubled over the last six years.

Instead, the Chinese government reported current holdings of only 1,658 metric tons, an increase of just 600 metric tons. Analysts were expecting it would announce holdings of 2,000 to 4,000 metric tons. As a frame of reference, the U.S. holds about 8,000.

Granted, gold's been sliding for some time, but the drop following the announcement by China points out an interesting characteristic. Holding gold simply hasn't been profitable for almost four years. At the end of the day, profits are all what traders and investors are after. And since 2004, there have been a lot more people involved in buying and selling gold because of one thing – the SPDR Gold Shares ETF (GLD) and similar securities.

This ETF invests in gold or gold derivatives (futures, swaps, etc.), and gives everyday investors a simple way to profit from the changing price of gold without the hassles of the futures market or dealing with physical gold.

Notice that I said "profit from." That's key. Hoping to earn a profit on a paper asset is very different from taking delivery of physical gold bars and holding them as a hedge against economic calamity. No one can expect the Gold Shares ETF, itself a paper asset, to protect them in a crisis. It's just one more entry in a digital ledger, which is awfully hard to trade for food.

The incredible run in the price of gold from 2003 through 2011 drew investors to ETF's like Gold Shares, creating a virtuous cycle of higher prices. The more people that bought the ETF, the more physical gold or gold derivatives it had to buy. That drove up the price of gold, and hooked in more investors. But it wasn't a straight shot up.

The price of gold, and the Gold Shares ETF, fell in the darkest days of the financial crisis. People flocked instead to the U.S. dollar. When the markets calmed a bit and it became evident that central banks would print their way out of the mess, investors returned to gold as a hedge against inflation. But inflation never appeared. Instead, we've been fighting deflation, which favors cash over precious metals.

Without a clear path for profits, the price of gold has been sliding lower for four years, taking the Gold Shares ETF and millions of investors with it, who then embarked on the vicious cycle of selling as the price dropped. Central bank printing in the U.S., Japan, and now the euro zone sure didn't save it. The recent unrest in Greece and China hasn't given it much reprieve, either.

Those who purchase gold as a true hedge against financial ruin will be able to buy it at a lower price. Of course, they'll have to find a safe place to store it all, but that's a topic for a different day!



Suresh Bhatt
Managing Director
Devine Investment & Trade Pvt. Ltd.



tizzy over the past month. The Greeks seem schizophrenic rejecting then accepting the latest deal from their creditors, while the Chinese government layers on one new program after another to halt the route in Chinese stocks. Every morning American investors must check the latest headlines to find out if something blew up, unraveled, or simply fell apart the night before.

It's been a bit exhausting. But if we step back a bit and look at the bigger picture, some corners of the market haven't reacted to the manic-depressive swings from overseas.

Or maybe it was a blip. It could've been an accident when a trader hit the wrong key while dusting off his computer. Whatever it was, the momentary rebound stopped almost as quickly as it occurred, driving the price of gold even lower. For the moment, the fear-of-financial-chaos trade appeared dead.

It could be that no one is worried about the global financial system, or even major parts of it, blowing up. Personally, I doubt it. I'm concerned about major disruptions in the global financial system, and every day I read research from others who share those fears. So the current slow-

