

Mercantile Exchange Nepal Limited
Invest - Trade - Earn
AN ISO 9001:2008 CERTIFIED EXCHANGE

MEX EXPRESS

A Smart Solution for Online Trading

www.mexnepal.com

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From the CEO's Desk



MEX is widely recognized as the leading exchange in Nepal, especially when it comes to vision and innovation. A recent "market leader" voting poll has

also proved the No.1 position MEX has achieved in the industry. In today's derivative market place, MEX continues to look at ways to help shape the growth of our industry.

Consequently for the development of market and business awareness MEX has taken all efforts in print contents, like this MEX Express, Yearbook, Seminars and also it's in the verge of tying up with a popular TV channel for commodity news and price display at regular intervals of the day, which we believe will help the end user in a huge way.

In the coming months, we have bigger plans for market penetration and also bring in a new clan of market participants. MEX has also launched its brand new state of the art Exchange Console which is currently under testing by our members. This brand new console with the latest cutting edge technology can be rightly named the "Members or End Users Platform", as it was built, taking in all the requirements and feedbacks of our members and clients. Very soon this new console will go live.

MEX is also exploring the potential for working with other market leaders in this part of the world, including India. MEX is giving its best effort to forge partnerships with other developing market exchanges. By working more closely with these nations, our goal is to support greater participation in and benefit from the global evolution and growth of derivatives. We Hope you enjoy reading this issue of MEX EXPRESS!

- **Jitesh Surendran**
CEO
MEX Nepal

Truth is out there

In the early 1990s, when television was in its infancy, a programme entitled-X Files appeared in our idiot boxes aggravating audiences on the utterances of such events. This programme unraveled secrets from the FBI file of the undisclosed world and people with supernatural powers. The masses learnt about the hidden files kept in unreachable shelves of the FBI. Yours truly was an ardent follower of the programme and was

It is not difficult to unravel the truth by citing Goldman Sachs, Rockfellers, Loeb's Kuh and Lehman's in New York, the Rothschilds of Paris and London, the Warbugs of Hamburg, Paris and Lazards Israel Moses Seifs Rome. Many people have heard of the Bilderberg group, Illuminati or the Trilateral Commission. But what are the names of the families who run the world and have undisclosed control of states and

present in all the banks. The 'Big Four' including State Street Corporation, Vanguard Group, BlackRock and FMR is the prevailing shareholders in all the banks. Let's now reveal the major shareholders in the other banks.

- **Goldman Sachs:** The major shareholders are 'big four', Wellington, Capital World Investors, AXA, Massachusetts Financial Service and T. Rowe.

- **Morgan Stanley:** The major shareholders are 'big four', Mitsubishi UFJ, Franklin Resources, AXA, T. Rowe, Bank of NY Mellon e Jennison Associates. Rowe, Bank of NY Mellon and Jennison Associates.

Stating the obvious, we could go on for hours debating on the possibilities of the notion. The six largest US financial companies mentioned above are controlled by few shareholders and we have four companies always

present in all their decisions i.e. BlackRock, State Street, Vanguard and Fidelity.

The lender of the last resort in USA, the Federal Reserve, is comprised of 12 banks. These banks are represented by a board of seven people, which comprises representatives of the 'big four', which in turn are present in all other entities. In hindsight, the Federal Reserve is inarguably controlled by four large private companies. These companies indirectly control US monetary policy (and the world finances) without any democratic choice. The aforementioned companies participated in the current world economic crisis and managed to become even more enriched from the economic imbroglio. The people behind the controversial institutes also inadvertently run other large financial institutions, such as IMF, the European Central Bank and the World Bank, and were trained and remain employees of the big four that formed them. Suspiciously, the names of the families that control the big four have never been disclosed!



astonished by the turn of phenomenal events in distant lands. Years have gone by since the programme hit a television channel near you. Yet, I recall a line from this programme which summarizes the following paragraphs-Truth is out there!

This literary masterpiece may leave some eyebrows raised and some shrugging of the shoulders with the content furnished. People are looking at the world affairs with suspicious minds. I am not trying to condemn any organization in this regard but trying to dwell on a subject that has bewildered the global citizens since financial markets became an integral part of our lives. Some people (I purposely use the word 'some', as this word is not quantifiable) have begun instigating that there are large financial groups who are dominating the world. Forget the insurgencies, conflicts, revolutions or even wars for that matter. It is not pure chance, but everything has been planned for a long time now.

'Conspiracy theories' or 'New World Order' may have crept in the mind, when my dear readers read the preceding lines. Anyway, the key to unlocking the doors of the current political and economic imbroglio is in the restricted hands of few affluent families who have accumulated more wealth and power as the years aged on. I am speaking of 6, 8 or maybe 12 families who truly have and will dominate the world order. It is not difficult to assume that this is certainly a mystery difficult to unravel.

discreet international organizations like the UN, NATO or the IMF?

An impregnable task lies ahead of us in trying to unravel the mysteries in a rationale manner. One way to go about is to start by stating the world's largest banks and cite the respective shareholders. The world's largest companies are Bank of America, JP Morgan, Citigroup, Wells Fargo, Goldman Sachs and Morgan Stanley. Let us now reveal the major shareholders of the respective companies.

- **Bank of America:** The major shareholders are State Street Corporation, Vanguard Group, BlackRock, FMR (Fidelity), Paulson, JP Morgan, T. Rowe, Capital World Investors, AXA, Bank of NY, Mellon.

- **JP Morgan:** The major shareholders are State Street Corp., Vanguard Group, FMR, BlackRock, T. Rowe, AXA, Capital World Investor, Capital Research Global Investor, Northern Trust Corp. and Bank of Mellon.

- **Citigroup:** The major shareholders are State Street Corporation, Vanguard Group, BlackRock, Paulson, FMR, Capital World Investor, JP Morgan, Northern Trust Corporation, Fairhome Capital Mgmt and Bank of NY Mellon.

- **Wells Fargo:** The major shareholders are Berkshire Hathaway, FMR, State Street, Vanguard Group, Capital World Investors, BlackRock, Wellington Mgmt, AXA, T. Rowe and Davis Selected Advisers.

It is quite apparent from the above disclosures that there appears to be a nucleus



Ruchika Baidya
Assistant Manager
Compliance Department

Most Popular Blog

वस्तुबजार बारे केहि भ्रमहरु

- कमोडिटी कारोबार सट्टेबाजहरुको लागी मात्रै हो ।
- कमोडिटी बजार बुझ्न नै गाह्रो हुन्छ ।
- कमोडिटी बजारमा अति धेरै उतार चढाव हुन्छ ।
- कमोडिटी बजारमा पैसा बुझाउन गाह्रो हुन्छ ।
- कमोडिटी बजार ठूलो लगानीकर्ताको लागी मात्र हो ।
- कमोडिटी बजारमा वस्तुको मूल्यमा छेडखानी (Manipulation) हुने गर्दछ ।

For the full version of the blog, please follow the link:

<http://www.mexnepal.com/blog/201261855213-570/>

Posted on: June 18th, 2012

Total Views: 12

Start Blogging-Say it Loud

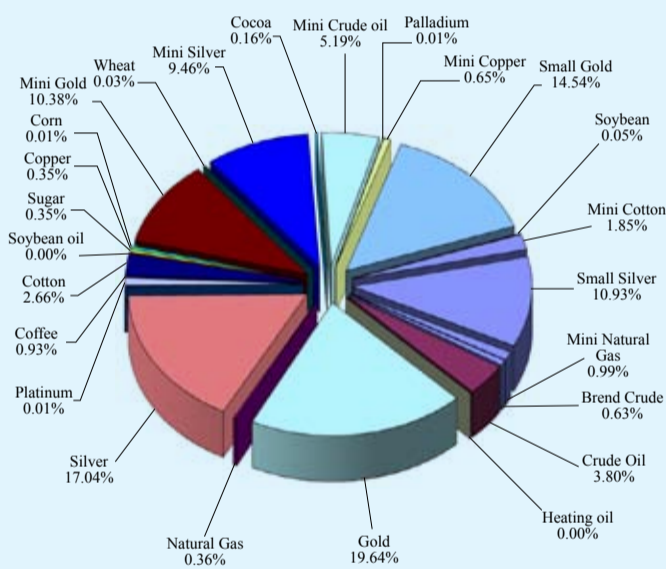
MEX encourages its valued members to come up with blogs and articles related to futures market which would be posted in our website, accompanied with the member's advertisements as well.

Mail your contents to media@mexnepal.com

So start blogging and learn to market your company

Market Capitalization

From April 2012 - June 2012 (in %)



Market Capitalization of all the commodities listed in the MEX terminal. Gold had the maximum market capitalization followed by silver and small gold.

Know Your Commodities

Coffee

Introduction

The Coffee plant is native to the Ethiopian highlands and was used locally to brew drinks from the beans of the plant. The plants were first cultivated in a place called Kaffa in Ethiopia and it is most likely that the name "Coffee" originated in this way. Coffee soon spread to the Arab Peninsula where it started being cultivated around the 16th Century and spread to Europe through Italy by the 17th century. Aside from its unique taste and smell, Coffee also contains the stimulant caffeine which has been scientifically proven to increase energy and focus amongst other benefits. Coffee is also the second most consumed beverage globally after tea. Coffee beans are a globally traded commodity. The most traded varieties are Arabica and Robusta. The name Arabica originates from that fact that these beans were first cultivated in the Arab Peninsula. At Mercantile Exchange, only Arabica contracts are traded. Arabica coffees bring the highest prices in the world market and are generally the hardest to cultivate needed an altitude of 2000-6000 feet and a mild climate. The crops are also much more susceptible to diseases and require constant care, making it more expensive to produce.

Some Facts about Copper

- Coffee is the second most traded commodity on earth, after oil.
- Brazil is the largest producer and

exporter of Coffee, producing around 1.35 billion kilograms accounting for 30%-40% of global production.

- The United States is the largest Coffee consumer and importer of coffee amounting to around 1.30 billion kilogram making up around 1/3 of all coffee exported worldwide.

- Arabica coffee is normally grown in steep slopes due to the altitude requirement, between 2000-6000 feet and therefore yields are lower than other varieties.

- Coffee is the main source of caffeine which is a natural stimulant and is found in almost all energy drinks.

- There are over 50 species of Coffee but only two, Arabica and Robusta, are produced commercially.

- All Coffee in the world is grown in the "bean belt", the region between the Tropic of Cancer and Capricorn.

- After crude oil, Coffee is the largest earner of foreign currency for developing nations.

Fundamental factors affecting Coffee prices

- Weather is the most important factor affecting the price of coffee. Unfavorable weather in main producing countries will create shortages and increase prices.

- As an international commodity, Coffee is also traded in USD and therefore the value of USD effects prices.

- Coffee consumption is concentrated



mostly in the developed world but Chinese coffee consumption has been increasing at 15%-20% every year.

- Some of the main purchasers of raw coffee are Procter and Gambler, Kraft, Nestle and Sara Lee. Demand patterns of these companies help to determine coffee trends.

- Brazil and Colombia produces the majority of the world's Arabica supply.

- Arabica Coffee plant is self-pollinating thus making cultivation especially susceptible to a particular disease due to genetic similarities. A plague affecting a particular productive area will affect supply.

- All the Coffee producers are developing nations, so politics and government policies relating to agriculture and exports will affect prices.

Coffee@ MEX

- Coffee was introduced in MEX terminal since the first trading day, January 9th, 2009.

- The initial margin has not changed since the beginning i.e. Rs.45000

Top 10 Coffee Producers of Coffee in 60-Kilogram Bags (2010/2011)

Country	Production
Brazil	54500
Vietnam	18725
Colombia	9500
Indonesia	9325
India	5100
Ethiopia	4400
Honduras	4000
Peru	4000
Guatemala	3910
Mexico	3700

Source: USDA

Major Exporters and Importers of Coffee

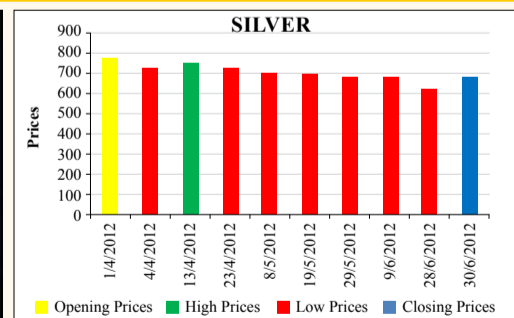
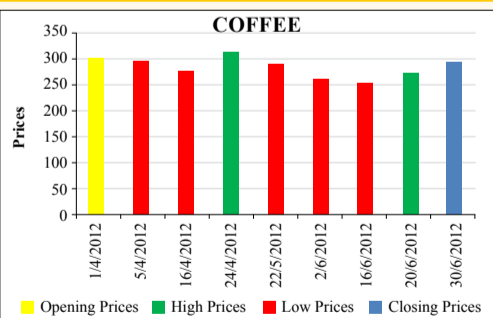
Exporters	Importers
Brazil	United States
Vietnam	Germany
Colombia	Japan
Indonesia	France
India	Italy
Mexico	Spain
Ethiopia	Canada
Guatemala	United Kingdom
Ivory Coast	Poland
Uganda	Netherlands

Source: UTZ Certified

CONTRACT SPECIFICATION

Name	Coffee
Symbol	COF
Contract Size	5000
Unit	Kg
Price Quoted	NPR/Kg
Trading Hours	14:15-00:45 (Summer) 13:45-23:45 (Winter)
Quality	Arabica Coffee
Contract Months	March(H), May(K), July(N), September(U) & December(Z)

Major Market Movers for Silver and Coffee (1st April - 30th June 2012)



Note:

Date	News
1/4/2012	Opening Price as of 1st April 2012
5/4/2012	Prices fall as Colombia increases harvest estimates by 11%
16/4/2012	Prices at 18th month low due to expected good harvest in Brazil
24/4/2012	Coffee jumps higher from a 17 month low as investors offset their position
22/5/2012	Prices fall as demand for Arabica lowers. Consumers favoring cheaper Robusta
2/6/2012	Harvest in full swing in Brazil, producers offering discounts push down prices
16/6/2012	Coffee prices hit two year low as Brazil Harvest and Euro Crisis drags prices down
20/6/2012	Prices bounce back amidst increasing demand and lower global stockpile
30/6/2012	Closing Prices as of 30th June 2012

Note:

Date	News
1/4/2012	Opening Price as of 1st April 2012
4/4/2012	Silver prices fall after FED decides on no economic stimulation
13/4/2012	US dollar strengthens suppressing gold and silver prices
23/4/2012	Worsening Euro Crisis and strengthening dollar; prices down
8/5/2012	Silver hits 4 month low with low demand due to appreciating dollar
19/5/2012	Silver prices stabilizes as Euro Banks are downgraded by S&P attracts investors
29/5/2012	Euro debt crisis strengthens dollar pushing silver prices down
9/6/2012	Silver prices fall as Fed Chairman Bernanke crashes QE3 expectations
28/6/2012	Silver prices at 12 month low as lower industrial demand predicted
30/6/2012	Closing Prices as of 30th June 2012

MEX NEPAL INITIATES DOOR-STEP APPROACH



MEX Nepal initiates Door-Step Approach

Mercantile Exchange Nepal Limited initiated a country-wide interaction programme covering different places for interacting with its Non-Clearing Members and Sub-Brokers (AE) for enhancing the relationship with its members. These interactions were planned with the sole objective of getting updates from market participants and also to address the market requirements.

The first phase of the programme included visit to Bharatpur, Butwal, Ghorahi Dang, Nepalgunj, Palpa and Phokhara from 29th April to 5th May 2012. After an overwhelming response from the first phase of the programme, MEX Nepal decided to continue this programme further. The second phase which started from Hetauda on 17th June 2012 went successively through Birgunj, Janakpur, Biratnagar, and Dharan and concluded in Birtamod on 22nd June, 2012. Thus, MEX Nepal received the invaluable suggestions from the participants and is looking forward for further patronage in the forthcoming days. MEX Nepal would also like to thank all of its valued members' sub-brokers and all its stakeholders who made the interaction program a grand success.

**Launch of New Software
“Exchange Solution Console”**



With the rapidly-growing Nepalese commodity market, MEX Nepal is proud to announce the launch of the eagerly-anticipated new software to facilitate the growing trading requisites of the investors. Equipped with advance technical indicators and a completely new interface, the new software shall be available very soon!!!!

However our members are being provided with the DEMO version of Exchange Solution Console for testing.

Reward's Galore

Mercantile Exchange Nepal Limited (Mex Nepal), a leading commodity exchange in NEPAL, holding its firm ground by completing its 3rd year of successful business, has continued its “Rewards Galore” series since January 2011 to reward its members for their continuous efforts and dedication.

The Winners of Rewards Galore for the month of:		
April	May	June
Multi International Trade Market Pvt. Ltd.	Jambhala Investment Pvt. Ltd.	Common Wealth Investment Pvt. Ltd.

MEX Nepal in Inter-Corporate Beach Cricket



Mercantile Exchange Nepal Limited had participated in the Inter-Corporate Beach Cricket Tournament held in River Side Spring Resort in Kurintar from 20th to 21st April 2012. The tournament was organized by Shangrila Cricket Academy. In total, 16 teams competed in the 5-over per innings tournament where the other participating

teams including NTC, APF, Nimbus, Himalayan Distillery, Rolling Plans, British College, President Travels & Tours and WWF. MEX Nepal was in the group consisting of NTC ‘Blue’, Chaudhary Group and Nepal Tourism Board.

It was fun participating in the Inter-Corporate Beach Cricket and getting in touch with reputed corporate bodies of the country in the same pitch.

College Campaign

With an objective to further create awareness about the commodity derivative marketing Nepal, MEX Nepal conducted training program on 10th April, 2012 for MBA Students from Skylark College of Management and Technology, Dhobidhara, Kathmandu.

The seminar constituted the Basics of Derivative Market and Trading Mechanism of “Trader’s Work Station”. MEX Nepal believes that such seminar helps the participants to get acknowledge the opportunities to invest the fund in the derivative market and add to make a career in this market.

MEX Nepal introduces new validity

MEX Nepal has released Intraday and BTST Validity for Gold and Silver products in its trading platform from 14th May, 2012. Similarly Intraday and BTST Validity for Brent Crude, Copper, Crude oil, Palladium & Platinums were released on 2nd July, 2012.

MEX Nepal on its continuous effort for providing wide range of facilities for its market participants have introduced Intraday and BTST which is expected to give one more alternative to diversify trading needs of the investors. These facilities are available in our new Software Version, V2.

Open Orders in Intraday shall be valid for the day and BTST for two days, i.e.: T+1

Contingent orders in Intraday and BTST validity shall work as Day order and get canceled at EOD if not executed.

Commodity Trading & Network Marketing

Isn't Commodity trading like Network Marketing? This is the very common question in market whenever we talk people about commodity trading. Because of careless by government and some major Network Marketing Scandals in Nepal, people are afraid of New Concepts like commodity trading. They treat all as Network Marketing.

Network Marketing and commodity trading are different activities. Commodity trading is an investing option that involves buying and selling of commodities. Network marketing is a Marketing strategy used by companies to sell their product or services via independent distributors.

Commodity trading is a component of capital market where traders make profit (loss) trading various commodities like gold, silver, crude oil, copper etc. Network Marketing is not an industry itself. It can be used by any industry to sell their products or services. In Network Marketing, a distributor (Sales Force) gets commission for the sales s/he personally generates and sales made by his team (Network).

Commodity trading is market driven. Traders can make profit (loss) both in rising and falling market. So market trend is the major fact that drives

commodity traders. Network Marketing is marketing driven. The volume of sales (Personal and group) determines the size of commission cheque of a distributor in Network Marketing.

The success of commodity trader depends on Trend Analysis. If s/he goes with trend, s/he can make very good profit with nominal security deposit. In network marketing the success of distributor depends on his team's sales effort. If they are able to make a larger sales volume, they will get larger commission cheque but if they fail to make sale, they are unable to get commission cheque.

Your investment is done via your bank account in commodity trading.

Trader has all the freedom to take trade decision. Traders

can buy or sell any commodity at any time from Monday to Friday. But in Network Marketing, Distributor has to purchase a Start up package. Only then they get a distributor Id. Once they become distributor they have to meet minimum monthly sales quota or referrals number, to be qualified for the commission cheque.

Commodity trading is widely accepted all over the world. CME Group USA, Tokyo Commodity Exchange Japan, NYSE Euro Next USA, Dalian Commodity Exchange China, Multi Commodity Exchange India is some of the world's largest commodity exchanges. But Network marketing is in debate from very beginning of its history. Even some countries have banned the Network Marketing companies. Amway, Herbal life, Avon, Nu Skin are some of the top Network Marketing companies.

There is the fundamental difference between Commodity Trading & Network Marketing. Millions of contracts are traded daily in commodity trading. All the major media like BBC, CNN, CNBC, and Bloomberg have regular coverage on commodity market. World's top investment banks are involved in commodity trading. On the other hand, media have rare coverage on Network Marketing. Even Network Marketing is not regarded as financial activity. So there is none common between Commodity Trading & Network Marketing.



Ashok Kumar Shah
CEO & CTA
Farwest Futures Pvt. Ltd.

Investment Assets: Stocks Vs Commodities

Stocks and commodities belong to two separate asset classes, although both are investment assets. Stocks are included in the equities asset class, while commodities comprise their own asset class. There are various types of commodities that are traded in the financial markets.

Stocks (Equity Assets) are categorized by the industry in which they are traded, such as Energy Production Companies, Pharmaceutical Companies or Financial Institutions.

Commodities (Self Assets) determine the underlying value in a futures contract, which is an agreement to buy or sell the commodity at a

future date at a fixed price. These assets might be Agricultural, Precious Metals, Metals or Energy Products.

Stocks and commodities (Investment Assets) both are traded on their respective Exchanges. Stocks are traded on stock exchanges like Nepal Stock Exchange whereas Commodities are traded on the Exchange dedicated towards the commodities trading like Mercantile Exchange Nepal Limited, where commodities are traded as the part of futures contracts.

A common misconception among beginning investors is that commodities are less liquid, or less easily turned into cash, than stocks. Some

investors believe that when commodities are delisted from an exchange before their delivery date, the current owner is stuck taking delivery of a shipment of the commodity, whether he wants it or not. In fact, most futures have a clause that allows them to be settled for cash, meaning the producer of the commodity will give the contract holder the contract's present value in cash and hold onto the commodity himself.

For an Investor:

One of the main differences between shares of stock and commodities futures is the length of time that these assets spend on an exchange. Many stocks stay on exchanges for decades, as the companies for which they are issued continue to do business. A futures contract, by contrast, is an agreement for a producer to deliver a commodity to a supplier on a certain date. Shortly before that date arrives, the contract is removed from the exchange.

The relative risk of investing in the stock market or the commodities market differs depending on the assets purchased. On the stock market, many blue chip companies have been able to demonstrate slow, steady growth over a long time period, making them relatively conservative. Many newer companies are unproven, but have the potential for a bigger upside. Similarly, some commodities, such as wheat, have historically kept a stable price. Others, such as oil, can enter periods of volatility.

Each market has its own advantages for investors. Many stocks, for example, issue a quarterly dividend, which is a payment that reflects the company's quarterly earnings. Commodities can be beneficial to investors because their value is based on a physical asset. Investors will often purchase commodities in times of economic uncertainty.

Investors can diversify their portfolios with stocks and commodities, because returns for these two asset classes do not always move together in unison. As stocks decline, commodity investments could be making money, stabilize your portfolio and vice-versa.

By including both stocks and commodities in an investment portfolio, an investor is diversifying risk. Since stocks and commodities tend to trade in opposite directions under non-extreme market conditions, there is a better chance that if one asset class under-performs, the other will add stability or even growth to an investment portfolio.



Balram Budhathoki
Senior Business Manager
Axis Broking Solution (P) Ltd.