

Gold

Introduction

Gold is a metallic element which is yellow in color. It is the most malleable and ductile pure metal and is quite resistant to corrosion. It is one of the most expensive materials on the planet due to which it is also referred to as “precious metal”. It is believed that gold was used as early as 6000B.C. Although gold is mostly used as jewelry, it is also used for industrial purposes such as for dentistry and electronics.

Despite its predominant role as jewelry, gold is also used in the financial world. It is used as a hedge against inflation. Likewise, gold is also used for investment purposes. Currently, gold futures are one of the most highly traded commodities in the world today. China and Australia are the two top ranking gold producers in the world. Likewise, China and India are the two top ranking gold consumers. One



of the major factors influencing the price of gold is demand and supply. Likewise, the strength or weakness of the USD also affects the price of gold since generally, these two moves in opposite directions. Likewise, considering its status as a store of value, political and financial turmoil in the world also play a factor in determining gold prices. An example of this can be the recent financial crisis.

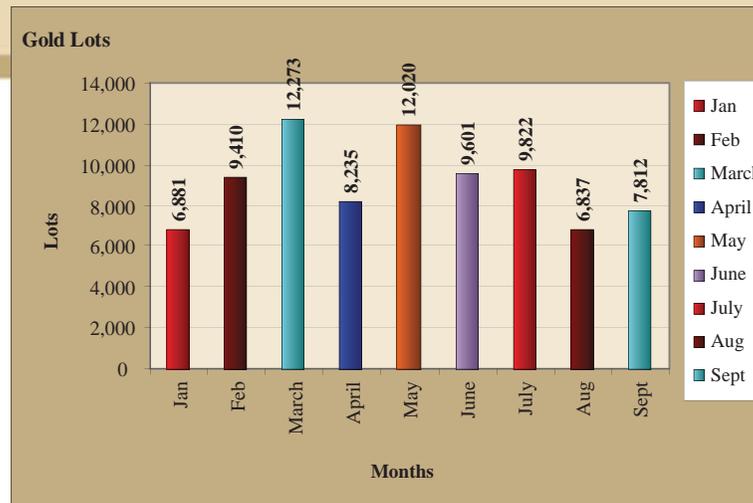
Explanation of Charts

One of the highly traded commodities in the MEX terminal, Gold had a very volatile 9 months of trading. At the start of the year, only 6,881 lots were traded, making up 32.94 % of the total lots traded. This volume increased by 36% and reached 9,410 lots in February. Sovereign debt fears in Europe prompted investors to dump the gold and stock up on the USD As a result; the precious metal reached a 3 month low. With gold at low prices, investors were seen taking up gold contracts contributing to this increase. Gold lots further accelerated on March and reached 12,273 lots, a contribution of 32.46%

to the total lots traded. With troubles in Europe spreading and with the downgrade of Portugal’s debt, investors were seen favoring the precious metal which saw its prices as well as its lot sizes increase in March. However after 3 months of continuous increase, the number of gold lots traded decreased in April to 8,235 lots. This can mainly be attributed to the fact that traders who had been stocking up on gold contracts the past 2 months were offsetting their positions following the high gold prices. Widening euro zone sovereign debt crisis saw the precious metal reach the 2010 highs which resulted in a massive wave of settling their contracts. But this decrease in lot sizes ended soon as gold futures hit new record in May. As news of Europe’s rescue package of nearly \$1 trillion spread,

investors feared about the consequences of such a huge package and this saw gold reach it’s highest. The effect was also seen in the MEX terminal with investors taking up more gold positions. As a result, a total of 12,020 lots were traded in May, a 32.48% of total lots traded during that month. June again saw a decrease in lot size with about 3000 less lots being traded, a 23.81 % of the total lots traded. July however had different stories to tell with gold lots increasing yet again by only 221 lots. With volatility in gold futures increasing, thanks mainly to the European crisis and volatility in the dollar, it seemed that investors were looking for

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Despite its predominant role as jewelry, gold is also used in the financial world. It is used as a hedge against inflation. Likewise, gold is also used for investment purposes.”



a safer alternative to the previous metal. This decreasing trend continued on August too with gold making a mere 21.12% of total lots traded during that period. This decrease in percentage proved that interest in gold was on a decline and investors were investing in either safer asset. But interest in the precious metal soon caught on and the lots size in gold increased by 14% to 7,812 lots in September. With the world economy at doldrums and the American economy still fragile, the lure of the precious metal soon had investors taking up positions with the expectation that gold still had a long way journey to the upside.

Contract Specification

Name	Gold
Symbol	GOL
Cont. size	1000
Unit	Gms
I. Margin	99,000
Price Quoted	NPR/10 Gms
Trading Hrs	3:45 – 2:45
Quality	.995 fineness
Contract Months	G(Feb), J(Apr), M(Jun), Q(Aug), Z(Dec)

Minimize risk

and **maximize returns...**



Silver

Introduction

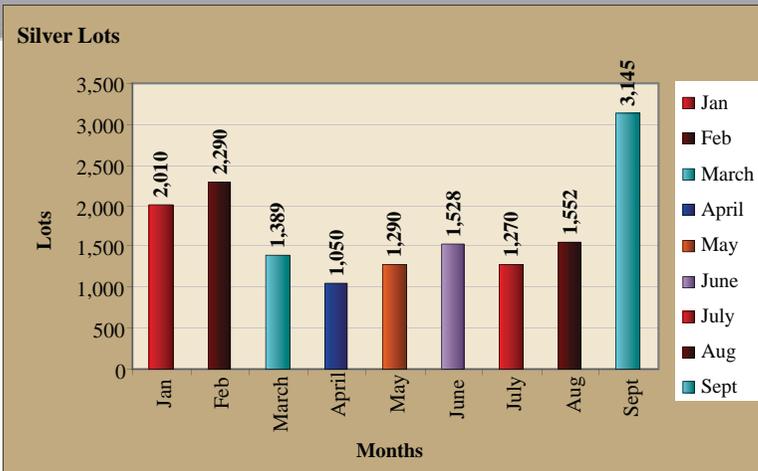
Silver is a white, soft, lustrous transition metal, which has the highest electrical conductivity of any element and the highest thermal conductivity of any metal. Mostly, silver is produced as a by product of copper, gold, lead and zinc refining. Silver has long been valued as a precious metal, and it is used to make ornaments, jewelry, high-value tableware, utensils and currency coins. Silver is often considered as the “poor man’s gold” as it has been quietly climbing the investment and demand charts since its discovery thousands of years ago. Its unique properties make it ideal for thousands of applications used in every day life. The top three producers in the year 2009 were Peru, India and China. While looking at the consumption side, the largest consumer of silver is the United States followed by India, Japan, and Italy. 75% of silver’s production comes from gold, copper, lead, and zinc mining which is why changes in these other industries have a large impact on the price of silver. On the demand side, silver (like most commodities) benefits from strong world growth, a weaker U.S. dollar, and increasing use in electronic applications. With so much of news available for precious metal, investors are highly interested to trade in this commodity.

Explanation of Charts

In the beginning of the year, the volume of silver looks quite attracting with the lot size of 2010. The major reason was the increase in the price of silver due to the dollar decline and also due to investors increased buying after the U.S. futures regulator said it would review possible position limits on gold and silver. The month of Feb was no different than January. The weakness in dollar, strength in US economy, a strong manufacturing report, a rise in auto sales and the number of people with contracts to buy homes provided a better analysis to the investors

Contract Specification

Name	Silver
Symbol	SIL
Cont. size	30,000
Unit	Gms
I. Margin	70,000
Price Quoted	NPR/10 Gms
Trading Hrs	3:45 – 2:45
Quality	.999 fineness
Contract Months	Mar(H), May(K), Jul(N), Sep(U) and Dec(Z)



to invest in silver. This boosted the trade of silver contracts in MEX terminal and 2290 lots were traded in February. The month of March saw silver lose its appeal among investors following a fall in the price of silver due to rise in the dollar. This rise in the USD was primary the result of the Greece crisis that affected the Euro. As a result, only 1,389 lots were traded which was a decrease of 39% from the previous month. This decrease continued in April too following volatility in the price of silver. Only 1,050 lots were traded during the month. However, May recorded a slight increase in the number of lots with

1,290 lots being traded, an increase of 22%. This increase sustained in June with 1,528 lots being traded. The slumping U.S. consumer confidence, signs of slowing economic growth in China, strength in equity market boosted demand for the precious metal as a store of value thereby contributing to this increase. But amid this disappointing news, it emerged that Europe's financial industry was better than previously expected. The stress test results that came out in July showed that only 7 of the 91 banks failed the test eroding silver's appeal as a store of value. As a result, only 1,270

lots were recorded during July. However, following better than expected jobs report from the largest economy in the world, the U.S., silver prices fell in August creating an opportunity for investors to buy at a lower price. Investors were quick to take advantage of this opportunity, thereby increasing the total lots traded to 1,552. September was the best month for silver following weakness in dollar. As the dollar weakened, the appeal of silver as an alternative investment rose and hence, September saw 3,145 lots being traded. This was a staggering 102% increase in comparison to the previous month.



Crude Oil

“ Crude oil is extracted from the ground and then it is sent for refinement which finally gives some useful products used in daily life, especially gasoline, heating oil, diesel, kerosene, coke, lubricants etc. ”

Introduction

Crude oil is naturally occurring oil, composed of various organic chemicals. It is found in large quantities below the surface of earth and is used as a fuel and as a raw material in the chemical industries. The crude oil is extracted from the ground and then it is sent for refinement which finally gives some useful products used in daily life, especially gasoline, heating oil, diesel, kerosene, coke, lubricants etc.

It is the world's largest and most actively traded commodity accounting around 10 % of the total trade and three-fourth of the world's energy consumption comes from it. The price of the crude oil is determined by the OPEC countries and recently China became the largest consumer of Crude Oil. The change in oil price plays a major role in the development of the major countries. The fall in crude oil price creates problem to the oil exporting countries

like Iran since more than 70% of their budget depends on crude oil export. When the price of the Crude Oil rises then it affects the economic growth and inflation of oil importing countries. Currently Saudi Arabia is the largest producer of crude oil, followed by Russia and United States. Likewise, on the consumption side, China recently overtook the U.S. as the top consumer of crude oil, followed by U.S.A and then Japan.

Explanation of Charts

In the beginning of this year, the price of Crude Oil fell as inventory report declared that there were larger-than-expected increases in U.S. crude and gasoline supplies. The Energy Information Administration (EIA) reported a drop in U.S. crude inventories of 3.9 million barrels while gasoline stockpiles rose by 2 million barrels. Oil prices dropped 12 percent since January 11th on concerns about the growth of economies for the U.S. and China. This provided an opportunity to the traders to take more and more positions in MEX terminal and as a result the total of 3,975 lots was traded in this month. This accounted for 18.16% of total lots traded during that period. The lot size of Crude Oil increased by a staggering 80% to reach 6,834 lots in the month of February. The major reasons were decrease in US Crude Oil inventories, movement of the Euro and news hinting a U.S. economic recovery. This positive sentiment in crude persisted in March too with 12,263 lots being traded. This was actually the best month for crude in 2010 and was a 79.44% increase from the previous month. The fall in inventory as reported by the EIA contributed to rise in crude prices which saw more and more positions being taken by investors.

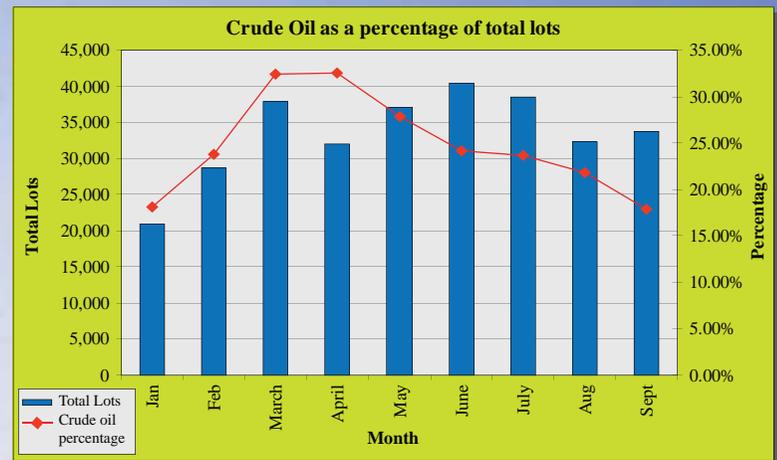
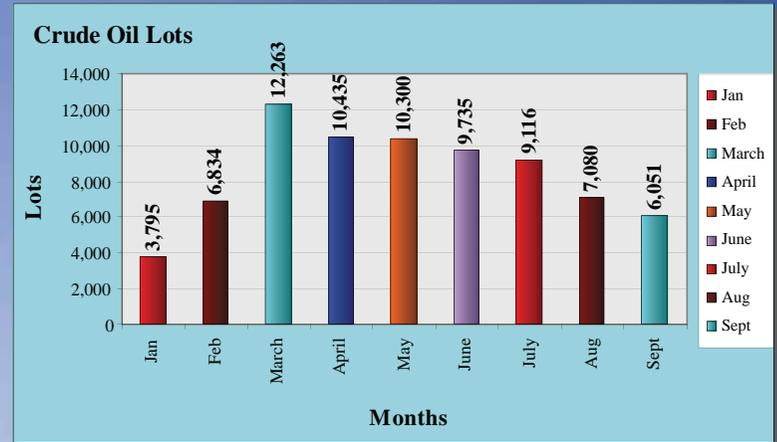
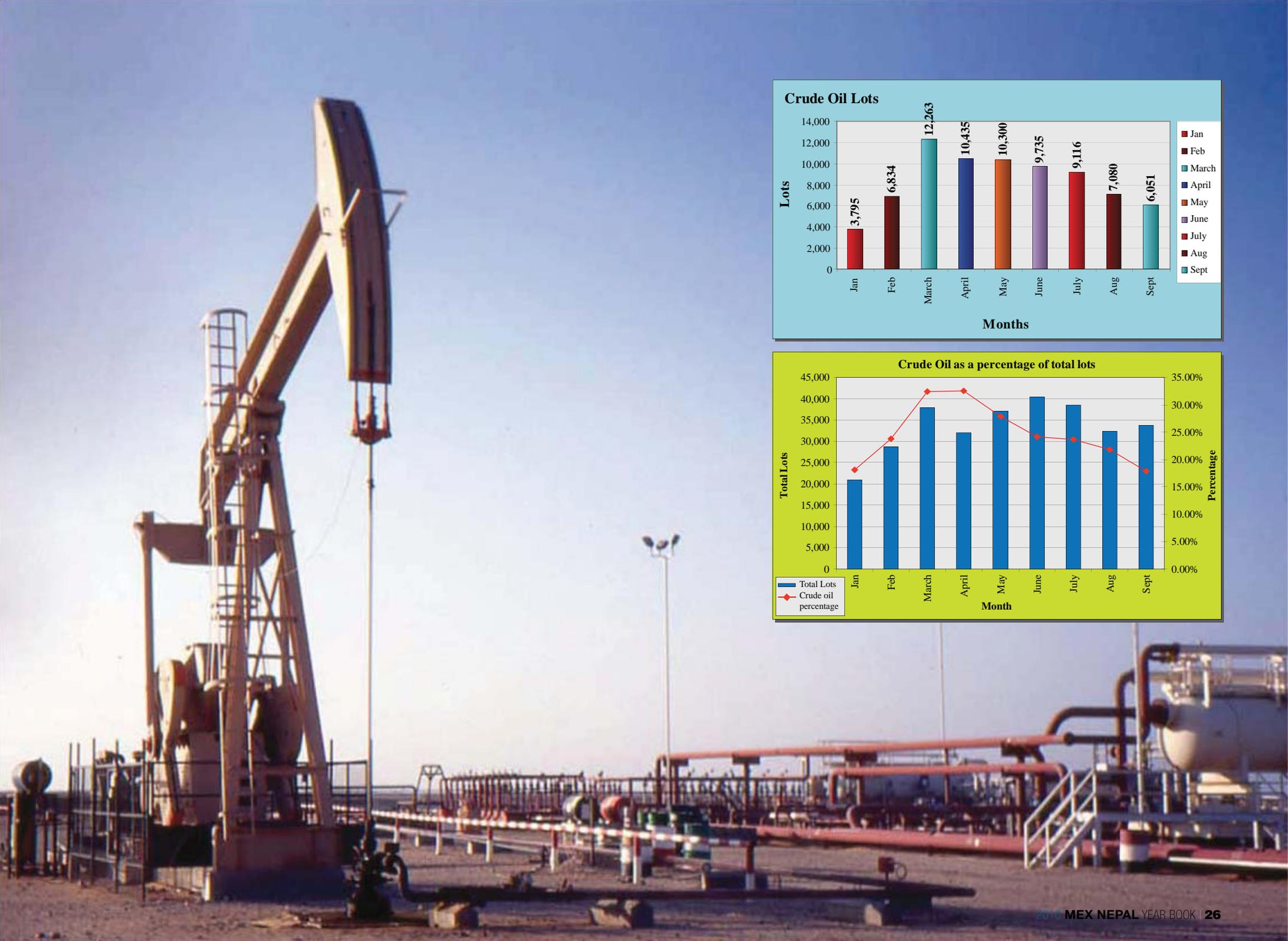
Looking at the month of April and May, there is small decline in the lot size compared to the month of March as the month was crucially affected due to the

Contract Specification

Name	Crude Oil
Symbol	CRU
Cont. size	250
Unit	US Barrels
I. Margin	80,000
Price Quoted	NPR / Barrel
Trading Hrs	03:45 - 02:45
Quality	Light Sweet Crude Oil
Contract Months	All Months

BP oil spill. Even in the month of June and July, the lot size has decreased again affected by BP oil spill, which confused about the movement in price of crude oil. But in the month of August, there was slight increase in the inventories which showed decline in the price of crude oil through out the month. The volatility in the price created confusion in the markets as a result of which investors refrained from entering the crude market. Due to this, August saw only 7,080 lots being traded. With the mix reaction of increasing inventory and BP oil spill, the confusion still existed and was carried over even in the month of September. When the investors couldn't find any good price for an entry and exit, they invested less in it. This saw a drastic decline in the volume of crude oil reaching to 6051 lots in the month of September.





Cotton

“ This news again built confidence among the investors and Cotton lots increased by 86% to reach 1,169 lots. ”

Introduction

Cotton is the most important natural fiber known. It is regarded as the best fabric worldwide and it is also considered to be the one of the oldest crops in the world. The top three producers of cotton are China, India and America. Cotton producers are especially dependent on foreign demand as roughly 86% of U.S. cotton production is sold for export. While looking at the consumption side, China is the world's largest consumer of cotton, with an average consumption of 4,501 TMT (Thousand Metric Tons). As this

commodity is volatile, investors all over the world prefer to trade in it and timely knowledge about this commodity is vital for those who are engaged in its trading.

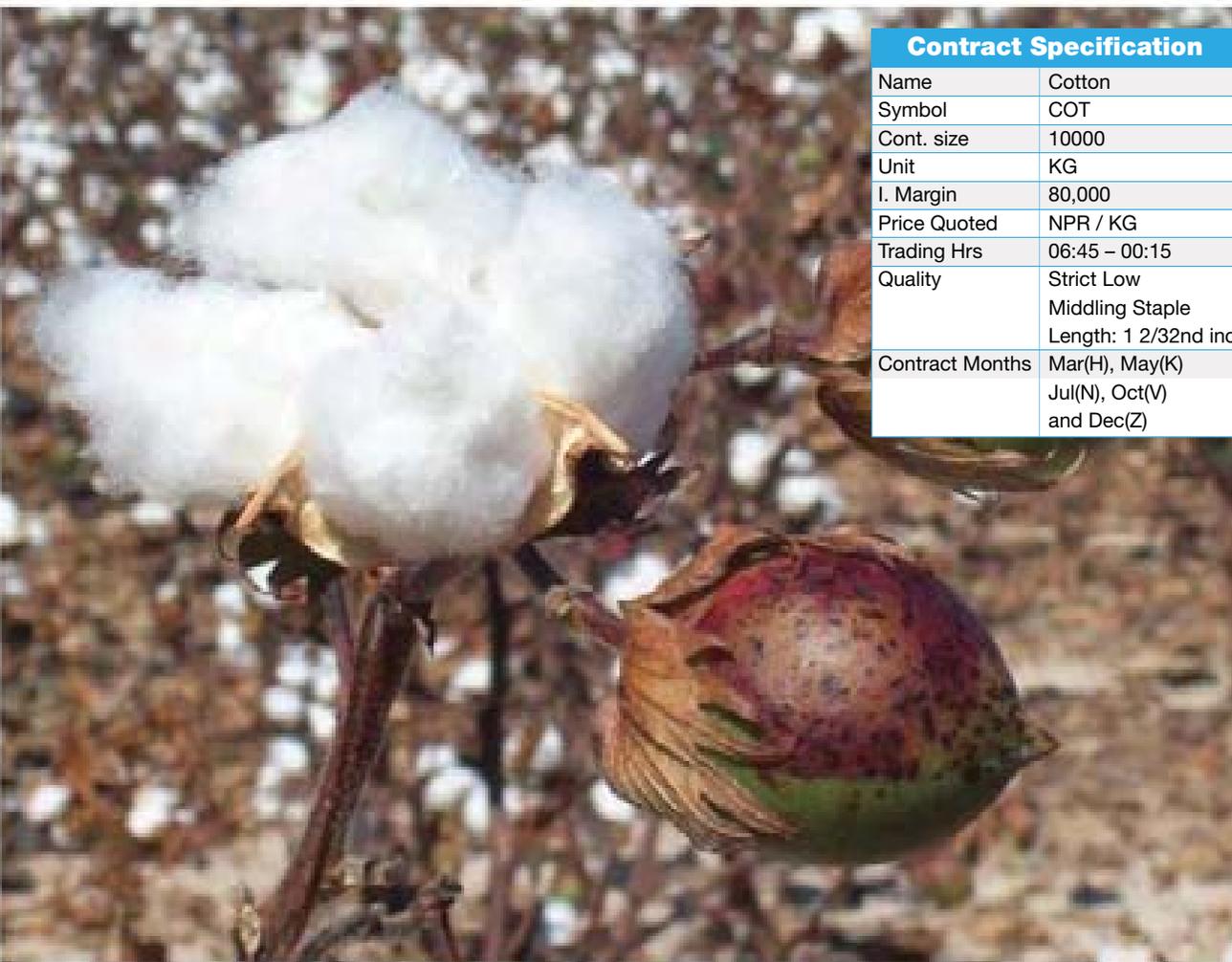
Explanation of Charts

The volume of cotton in the month of January was 1108 lots as the price of cotton increased on expectation that the demand will climb. This was mainly due to a report that showed that the U.S. economy expanded at the fastest pace in six years. Looking at the month of February, though the volumes decreased, however it was marginal. February recorded 989 lots, a decrease of 10%. March showed slight

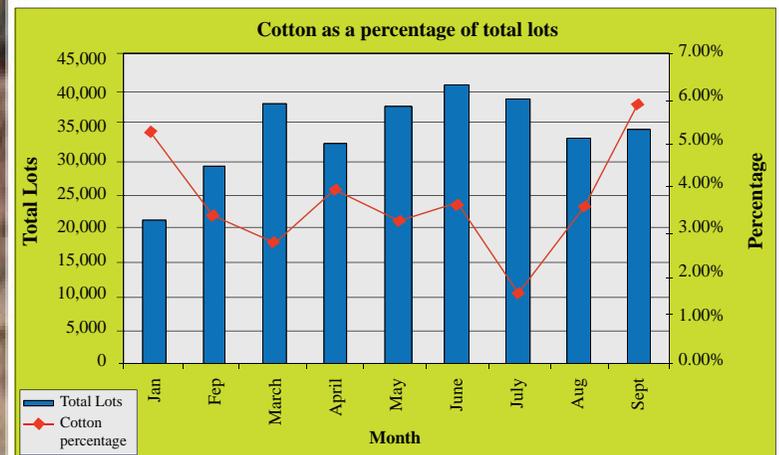
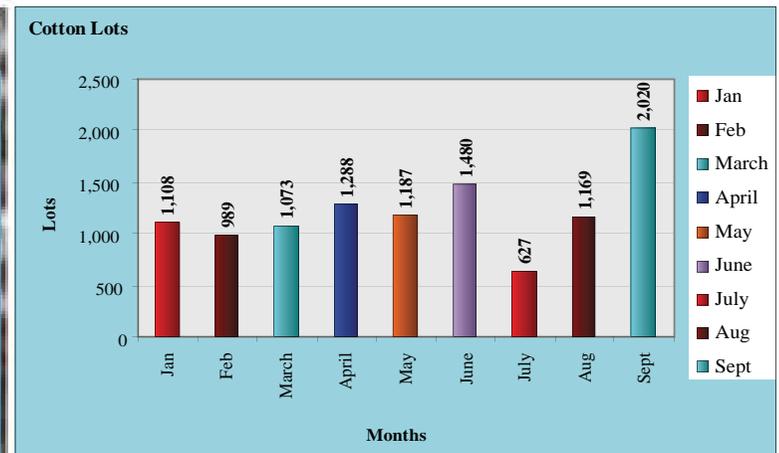
improvement in the lot size as the price of the cotton jumped to the highest in almost 20 months after China, the world's biggest user, said output fell in 2009. March saw 1,073 lots being traded which was 84 lots more than the previous month. The month of April saw the price of Cotton post the biggest weekly gain in 2 months, on signs of increasing demand amid a halt in exports by India. This had a direct effect on Cotton lots and saw the lots reach 1,288. However, May saw the lots decrease marginally as Cotton prices started decreasing hinting that investors were settling their positions to lock in their profits. In May, 1,187 lots were traded, a decrease of 101 lots from

the previous month. June saw signs of increased demand from China which saw Cotton prices increase again. As a result, Cotton lots increased too and posted 1,480 lots, an increase of 24% from the previous month. This encouraging trend ended as soon as it began and in July, there were only 627 lots traded which was a 57% decrease. Poor retail sales and a weak economic outlook in the U.S. signaled less demand for the coming harvest. As a result, Cotton prices dropped to their lowest levels in 20 weeks and saw investors shying away from investing in crude. But again in the month of August, the price of cotton managed to

rise on concern that supplies in the U.S., the world's largest exporter, will be tight until the autumn harvest. This news again built confidence among the investors and Cotton lots increased by 86% to reach 1,169 lots. September was the best month for Cotton as it marked the highest volume as compared to the previous 8 months. This was mainly because Cotton futures extended a rally to a 15- year high on escalating concern that global supplies will trail demand. The building confidence among investors encouraged them to invest in Cotton, contributing to the 2,020 lots posted during the period.



Contract Specification	
Name	Cotton
Symbol	COT
Cont. size	10000
Unit	KG
I. Margin	80,000
Price Quoted	NPR / KG
Trading Hrs	06:45 – 00:15
Quality	Strict Low Middling Staple Length: 1 2/32nd inc
Contract Months	Mar(H), May(K) Jul(N), Oct(V) and Dec(Z)



Wheat

Introduction

Wheat is grown all over the world for its highly nutritious and useful grain. It is one of the top three most produced crops in the world. Wheat has been cultivated for over 10,000 years, which started from Middle East and Southwestern Asia. There are several types of wheat, but they fall in two main categories, which are grouped based on growing seasons. These two categories are spring wheat and winter wheat. China is the world's leader in the production of wheat followed by India and United States. Wheat is a good source of energy. Foods made with wheat are a major part of every diet. In fact, wheat can be found in almost every meal. Breads, cookies, cakes, macaroni, and pasta are made from wheat flour. During 1900's scientists came

up with many new kinds of wheat that can produce large amount of grains that can resist cold, disease, insects and other crop threat. As a result, wheat production around the world has risen dramatically. During past few years, price of wheat has increased drastically as natural calamities reduced wheat production. In 2009/2010 world produced 677 million tons of wheat.

Explanation of charts

Wheat comprised of around 0.90% share, which is moderate share during the start of the year. The United States Department of Agriculture (USDA) announced global wheat production to reach 673.9 million tons in January. Similarly Canada's production was also expected to increase to 26.5 million and India witnessed 17 % increase in wheat

production. These factors stimulated the investors to invest in wheat for the month of January. The scenario reversed during the second month and lot share declined by more than 50% to 82 lots, as USDA reported that export demand for U.S. wheat was sluggish and farmers were facing weak price and planting delay. Moreover, Australia was also pessimistic for its wheat production and reported that production declined by 0.30 million tons. During the month of March optimism spread throughout the wheat market and 144 lots of wheat contract was traded. Iraq which is a major importer of U.S. wheat showed no interest in U.S. wheat and imported from Russia and Canada, due to which, wheat price fluctuated dramatically in the international market. While in U.S., Department of Agriculture raised its stock from 0.981 to 1.001 billion bushels, due to

Contract Specification	
Name	WHEAT
Symbol	WHT
Cont. size	20,000
Unit	KG
I. Margin	35,000
Price Quoted	NPR / KG
Trading Hrs	04:45 – 18:00 20:15 – 00:00
Quality	No. 2 soft/hard/ red/white
Contract Months	Mar(H), May(K), Jul(N), Sep(U) and Dec(Z)

which supply was expected to increase. In April, India reported a reduction in wheat production as crops were affected by the heat waves, which seemed to decrease wheat supply. On the same hand USDA decreased the stock by 51 million bushels, and Chinese Ministry of Agriculture also announced that it has been facing extremely unfavorable conditions for the final harvest of the wheat, which also reduced the supply. The impact was also seen in MEX trading platform as lot size increased to reach 192 lots as investors expected rise in wheat price. During the month of May investors were pessimistic toward the wheat market and lot size declined to reach 165 lots as greenback gained strength causing decline in prices of commodities including wheat. The wheat market experienced minor volatility for the next two months with the total lots traded being 209 in June and 150 lots in July. August was the best month for

wheat as it recorded a staggering 497 lots traded. This was an increase of 231% in comparison to the previous month. The major reason for this huge interest in wheat was due to the negative news coming out of the major wheat producers such as Russia. In August, Russia saw its worst draught which affected wheat production, reducing the supply. This eventually led to Russia banning export of wheat which led to the investors taking up wheat positions. September saw wheat lots down to 102 lots as there seemed to be confusion in the wheat market. While on one hand, Egypt purchased 225,000 tones of US wheat and Germany was also seen purchasing US spring wheat. On the other hand, it was reported that there would be an increase in wheat supply from Australia. Due to this, uncertainty in the market caused investors to shy away from the market.

Wheat Lots



Wheat as a percentage of total lots



Coffee

Contract Specification

Name	COFFEE
Symbol	COF
Cont. size	5000
Unit	KG
I. Margin	45,000
Price Quoted	NPR / KG
Trading Hrs	13:15 – 23:45
Quality	Arabica Coffee
Contract Months	Mar(H), May(K), Jul(N), Sep(U) and Dec(Z)

Introduction

Coffee is a beverage that is enjoyed by millions every day around the world. It was first discovered in the 7th century. There are basically two types of Coffee i.e. Arabica and Robusta. Of the two main species grown, Arabica is highly regarded than Robusta coffee as Robusta tends to be bitter and has less flavor. For this reason, about three-quarters of coffee cultivated worldwide is Arabica. Brazil is the world leader in production of green coffee, followed by Vietnam, Indonesia and Colombia and USA is the largest coffee consumer importing 16 to 20 million bags annually. Coffee is the second most traded product in the world after petroleum. World wide coffee production tips the scales at about 6 million metric tonnes. The average yield from one tree is the equivalent of one roasted pound of coffee.

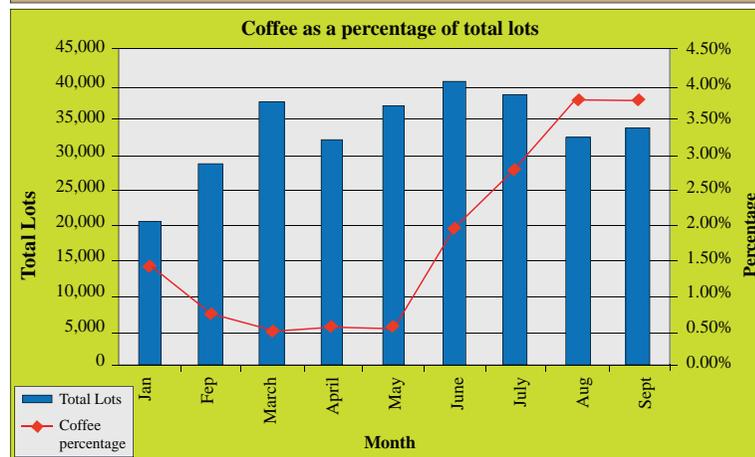
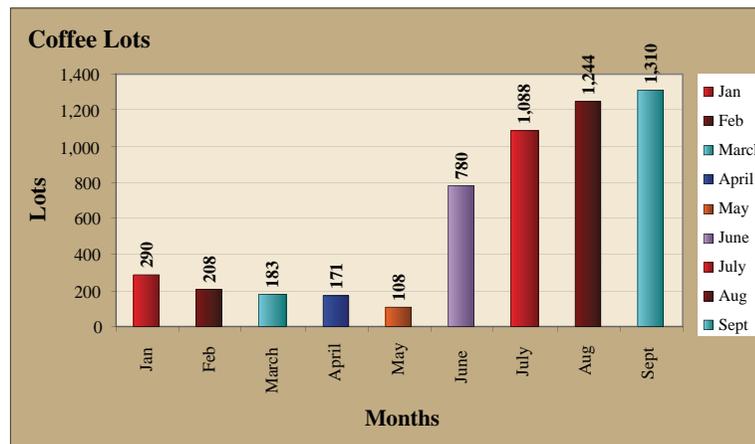
Coffee is mostly sold by roasters, investors and price speculators as a tradable commodity. The movement of the price of this item looks quite volatile that is why this commodity is among those commodities which are highly traded.

Explanation of Chart

The first few months of 2010 saw coffee being traded marginally and was on a declining trend from January to May. January and February saw 290 and 208 lots being traded respectively as heavy rainfall disrupted production leading to high prices. Likewise, March, April and May also saw decreasing trend with 183, 171 and 108 lots being traded. March saw coffee inventories reach its lowest in seven years. Uncertainty regarding the production of coffee and its supply took its toll on the market and hence investors stayed away from the coffee market. However, June had a different story to tell. June saw an increase of 622% in the number of lots traded and recorded 780 lots in June. This

was primarily the result of expectations that reduced global production will tighten inventories and hence prices will increase. The profit making opportunity this provided lured investors into investing in coffee during this period. July saw further improvement in coffee trend. As the price of coffee started to decrease resulting mainly from increase in supply, investors viewed this as a buying opportunity. This resulted in 1,088 lots being traded in July. As coffee prices started increasing in August,

more and more investors participated in coffee trade owing to its 14% increase in comparison to the previous month. Coffee lots increased to 1,244 lots in August. September saw the price of coffee surge to a 13 year high on speculation that supplies will lag behind demand, again attracting more and more investors, the net result of which was 1,310 lots being traded. September proved to be the best month for coffee in 2010



Copper

Introduction

The name copper is derived from the Greek word 'chalkos'. Copper possess a wide range of properties that make them invaluable for many application. Copper has a remarkable combination of properties. It is a good electrical and thermal conductor. Copper metal have been in use for thousands of years. The early decades of the 19th Century saw the foundation of the Electrical Age and thereafter the demand for copper increased tremendously. Britain was the major producer for much of the 19th Century but new mines were opened up in U.S.A., Chile, and later in Africa, until in 1911 the world's output of copper for the first time exceeded a million tons per annum. With the increase of industrialization, new important uses were found for copper. Most copper ore is mined or extracted as copper sulfides from large open mines. Chile is the top mine producer of copper followed by the USA, Indonesia, Peru and china. Total world production of copper stands at 15,900,000 MT in 2009. World's copper production is expected to remain in deficit in coming year due to high demand from major consuming countries like china, US and Europe.

Major factor that affect the price of copper can be listed as follows:

- Price fluctuations of copper in London Metal Exchange
- Production level of copper in the world
- Growth prospects of the major copper consuming countries of the world
- Growth prospects of the various consuming sectors in the market

Explanation of the Charts

Copper is one of the most traded metals in the base metals complex. Copper is mainly used for manufacturing purposes and investors mainly look into manufacturing data from the biggest economies in the world to trade copper.

Copper comprised of 4% of total lots traded during the start of the year, in the MEX terminal, when copper reached 16 month highs boosted by strong manufacturing data from the US and China. This 16 month high prices saw investors take up copper positions resulting in 839 lots being traded on January in the MEX terminal. February saw the number of lots increase more than double to 1,907 lots. Positive employment data from the US

and announcement by China, the world's largest consumer of copper that bank loans increased during the month of January saw copper prices increase in the international market. As a result of this increase in prices, copper lots went up too in the MEX terminal. The interest in copper trading did not wane on March with 3,444 lots being traded, an increase of 80.5%. The earthquake in Chile which is the biggest producer of copper saw demand for copper increase in the international market and this led to increase in copper prices. As a result, copper trading accounted for more than 10% of total trading in the MEX terminal. Likewise, stronger manufacturing in China and the U.S., the world's largest consumers of the metal also led to this

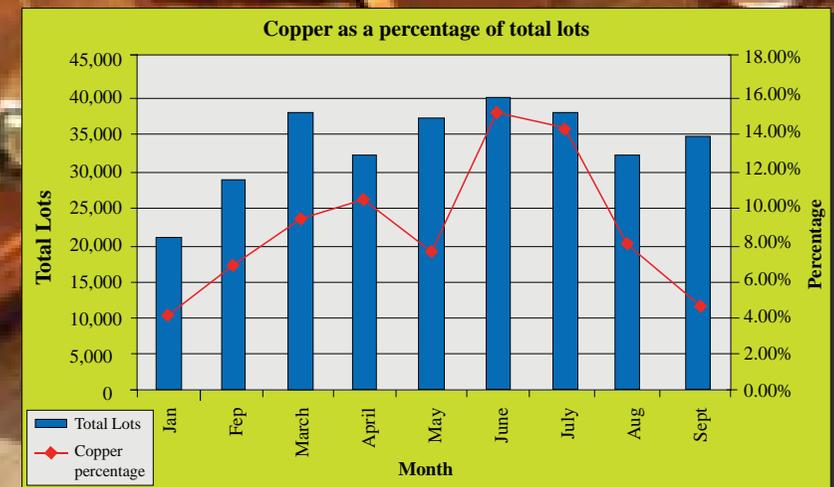


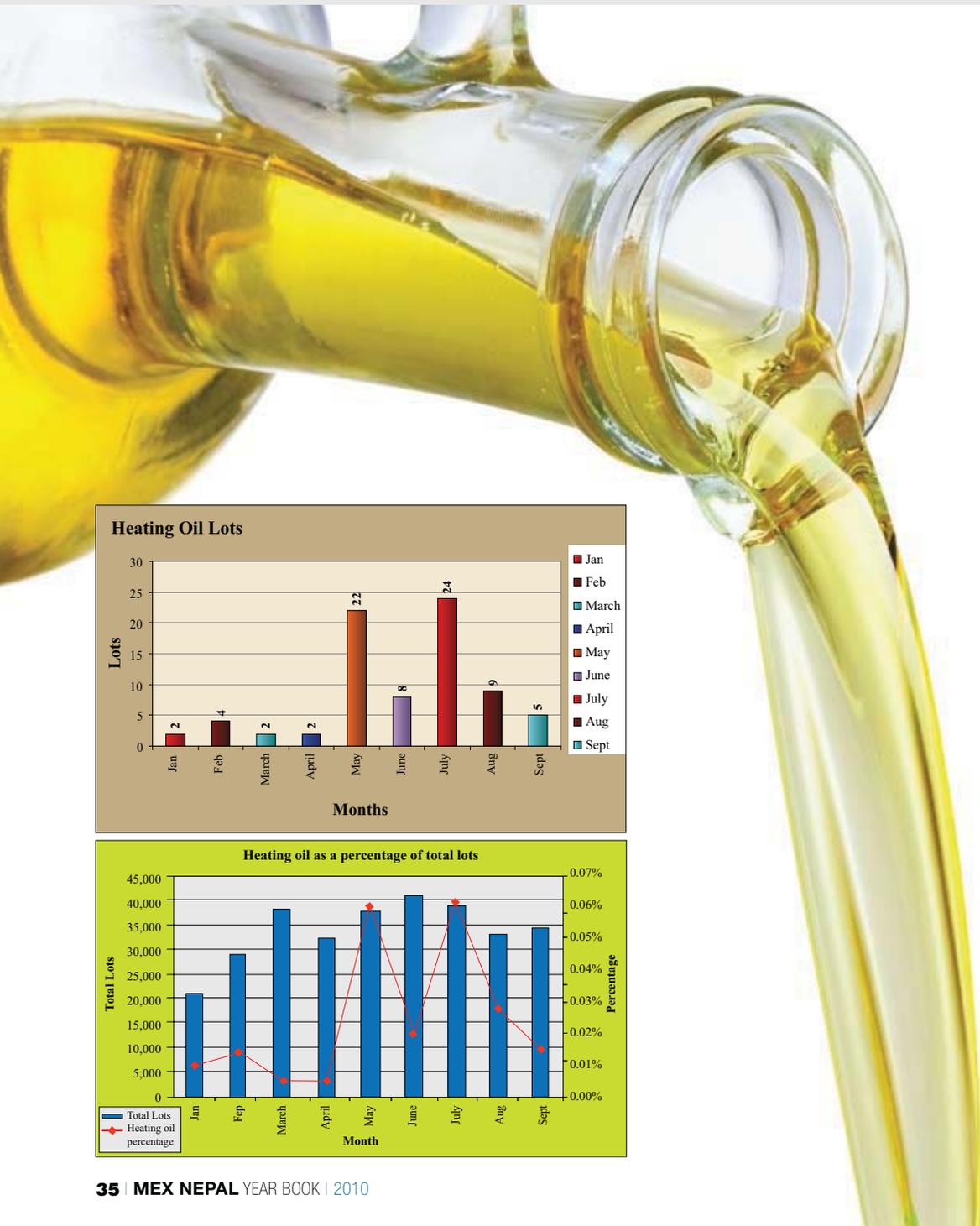
increase in prices. But concerns stemming from Europe regarding the widening debt crisis saw copper prices fall. As a result, investors were seen taking only 3,342 copper positions in April, a decrease of mere 2% from the previous month. The negative sentiment in the copper market persisted in May too with the total number of copper lots amounting to only 2,775 lots, a mere 8% of total lots traded at the terminal. However, in June, concerns regarding the pace of the economic growth increased with growing debt contagion fears in the euro zone and disappointing monthly employment data in the U.S. Likewise, news that China is trimming its stimulus measures raised fears that the demand for copper will decrease, resulting in copper prices reaching its lowest levels since October 2009. This continuous decrease in copper prices soon caught the interest of copper traders, resulting in the

highest number of copper lots being traded since the start of the year. In June, 6,171 copper lots were traded, a near 16% of total lots traded at the MEX terminal. As copper prices continued increasing, so did the interest in copper trading. While copper trading decreased slightly to 5,530 lots in July, it still made up about 14% of the total lots traded, a mere 2% decrease from the previous month. However, the next 2 months saw trading in copper decrease by 50%. Continued confusion in the international market saw traders hesitate to trade in copper. On one hand, the situation in the euro seemed to be getting worse and on the other hand, the American economy seemed to be showing weak improvements. September saw copper comprise of only 4% of total trades in the MEX terminal.

Contract Specification

Name	Copper
Symbol	COP
Cont. size	1000
Unit	KG
I. Margin	35000
Price Quoted	NPR / KG
Trading Hrs	03:45 - 02:45
Quality	ASTM B 115, Grade 1 Electrolytic Copper
Contract Months	Mar(H), May(K) Jul(N), Sep(U) and Dec(Z)





Heating Oil

Introduction

Heating oil is a flammable, liquid petroleum fuel most often used to heat homes and buildings especially in cold climates. Heating oil which is commonly referred as No. 2 heating oil in US is similar to diesel fuel (both are created by separating mixtures in the petroleum through process known as distillation). The main component of heating oil is composed of 25% of the yield of crude oil, with gasoline/petrol using a greater percentage. In western world petroleum industry began in 1859 and heating oil grew slowly in the 1800s but became real national concern only on 20th century. Heating oil is less popular in industrial usage and more commonly used for household space heating. The major consumers of heating oil are USA, Canada and European countries.

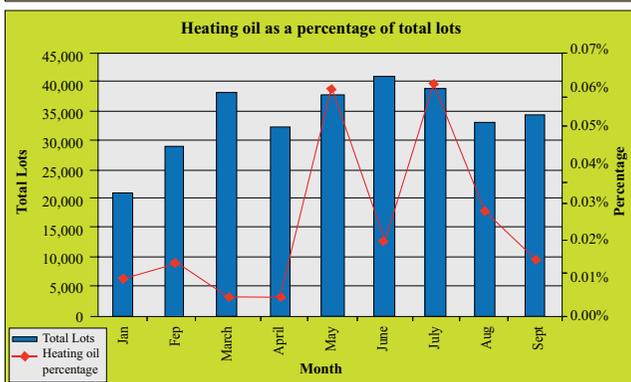
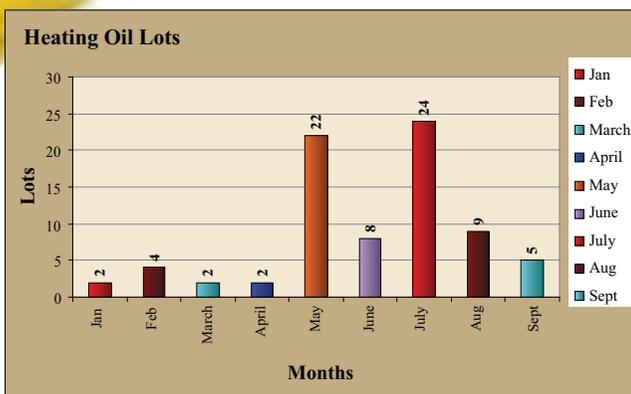
The major factor affecting heating oil prices include:

- Strong demand
- Weather condition
- Geopolitical uncertainties
- Inventory levels

Explanation of Charts

Heating oil trading was limited to few contracts in the start of the year. In the month of January 2 lots were traded and the trend continued for February, March and April at 4, 2 and 2 lots respectively. Investors were less interested to invest in heating oil due to the gloomy economic condition in the US. Likewise, the heating oil inventories in the US didn't change significantly which saw reduced volatility in the prices. These reasons contributed to low volume in the heating oil volume. But the scenario in May was quite contrasting as compared to previous month, as the volume reached to 22 lots. This sudden increase of investment in heating

oil was due to the better economic data released in the US. Moreover volatility in the heating oil market attracted investors to take advantage of the price movement. But in the month of June, volume traded again declined to 8 lots as decline in price forced the investors to shy away from investing. The volume in the month of July, again bounced back to 24 lots which was the highest in 2010. A declining price encouraged investors to take up heating oil contracts at low prices contributing to these many lots being traded. But the next 2 months saw total lots of heating oil decrease to 9 and 5 respectively. While the interest in heating oil has yet to grow as in other commodities, the interest in the commodity has certainly picked up and once investors are comfortable with the idea of investing in heating oil, it is hoped that this commodity will be a major area of investment for investors.



Contract Specification

Name	Heating Oil
Symbol	HEA
Cont. size	10,000
Unit	Liters
I. Margin	60,000
Price Quoted	NPR / Ltr
Trading Hrs	03:45 – 02:45
Quality	Generally conforms to industry standards
Contract Months	All Months



“ When the price of the Crude Oil rises then it affects the economic growth and inflation of oil importing countries ”

Introduction

Crude oil is naturally occurring oil, composed of various organic chemicals. It is found in large quantities below the surface of earth and is used as a fuel and as a raw material in the chemical industries. The crude oil is extracted from the ground and then it is sent for refinement which finally gives some useful products used in daily life, especially gasoline, heating oil, diesel, kerosene, coke, lubricants etc.

It is the world's largest and most actively traded commodity accounting around 10 % of the total trade and three-

forth of the world's energy consumption comes from it. The price of the crude oil is determined by the OPEC countries and recently China became the largest consumer of Crude Oil. The change in oil price plays a major role in the development of the major countries. The fall in crude oil price creates problem to the oil exporting countries like Iran since more than 70% of their budget depends on crude oil export. When the price of the Crude Oil rises then it affects the economic growth and inflation of oil importing countries. Currently Saudi Arabia is the largest producer of crude oil, followed by Russia and United States. Likewise, on the consumption side, China

recently overtook the U.S. as the top consumer of crude oil, followed by U.S.A and then Japan.

Explanation of Charts

In the beginning of this year, the price of Crude Oil fell as inventory report declared that there larger-than-expected increases in U.S. crude and gasoline supplies. The energy Information Administration (EIA) reported a drop in U.S. crude inventories of 3.9 million barrels while gasoline stockpiles rose by 2 million barrels. Oil prices dropped 12 percent since January 11th on concerns about the growth of economies for the U.S. and China. The low prices attracted investors to take up crude oil lots and thus, 1,299 lots were traded in the month of January. February saw the lots increase marginally to 1,345 lots. While the price of crude oil increased, the pace of the American economic recovery

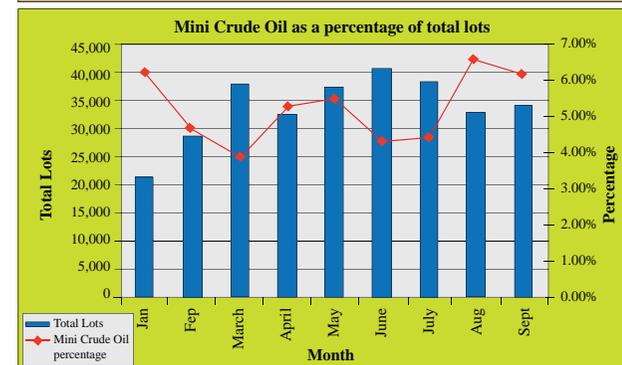
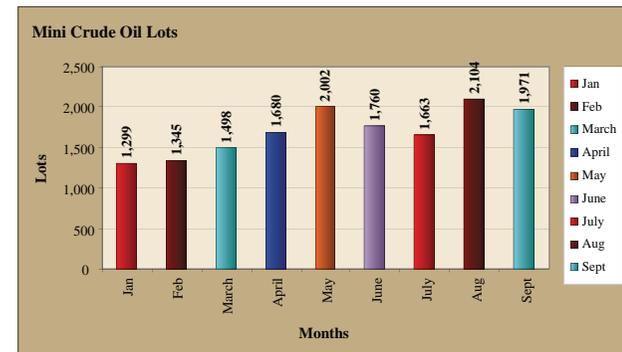
as well as news from the euro zone created fear in the market as a result of which the lot size increased only marginally. This marginal increase also continued on March with only 1,498 lots being traded. Looking at the month of April and May, the lot size increased compared to previous months. These two months were severely affected by the BP oil spill and the fall in crude oil inventory. As a result, crude prices increased and investors who took advantage of this in the regular crude contract also took the same advantage in the mini contract. Due to this, 1,680 and 2,002 lots were traded in April and May respectively. Like its regular counterpart, the lot sizes decreased in June and July. Confusion in the markets following the BP oil spill persisted and in June and July, 1,760 and 1,663 lots were traded respectively.

But unlike its regular counterpart, crude oil lots increased to its highest in 2010 in the month of August. While investors refrained from taking position in the regular lots of crude due to price volatility, however the mini contract seemed to attract them. With lesser initial margin and less risk, mini crude offered a perfect solution to investors seeking to trade in the volatility. Hence, August recorded an increase of 26% in comparison to the previous month and saw 2,104 lots being traded. September saw a marginal decrease in the number of crude

lots traded and saw 1,971 lots. While this was a decrease from the previous month, it still hinted that investors were growing more and more confident in investing in crude oil.

Contract Specification

Name	Mini Crude Oil
Symbol	MCRU
Cont. size	50
Unit	US Barrels
I. Margin	25,000
Price Quoted	NPR / Barrel
Trading Hrs	03:45 - 02:45
Quality	Light Sweet Crude Oil
Contract Months	All Months



Soybean

Introduction

Soybean is one of the most important food plants of the world. It is an annual crop, fairly easy to grow, that produces more protein and oil per unit of land than almost any other crop. It is a versatile food plan that is used in various forms. It contains supply of most nutrients, which is a close substitute for meat. Soybean is grown especially in temperate zone. It originated in China where it has been grown as a food crop for centuries. The United States is the largest producer of soybeans in the world followed by Brazil, Argentina and China. Soybean is mostly used for extracting soybean oil. It is also used to feed cattle as it is a great source of protein and also used for biodiesel production for industrial use. Soybeans are one of the most active and popular commodities to trade in commodity exchanges.

Explanation of Charts

At the start of the year soybean market was bullish and 78 lots were traded in MEX trading platform. The Chinese government continued to purchase U.S. soybeans to meet the demand of growing economy, which increased the export demand of soybeans, stimulating its price. Similarly United States Department of Agriculture (USDA) reported soybean

production 13% larger than previous year. Moreover, the declining value of dollar also contributed to the stronger exports of soybean. In February, Soybean prices dropped below the cost of production due to currency movements and high freight rates in Brazil. Likewise, good rainfall boosted Soybean yields in South America, increasing the export supply which lowered Soybean price. As a result, investors were reluctant to participate in Soybean trade due to which February

restrictions in imports from Argentina, in a bid to save the domestic Soybean industry. After a major jump in the previous month, lot share of Soybean dropped down to 81 lots and 33 lots during the month of May and June. This was mainly due to pessimism in the soybean market resulting from a stronger dollar on the back of nervousness about the European economy, thereby downsizing the commodity market. Moreover US export demand also declined as China decided to resume soybean oil import from Argentina. After continuous decline in lot share, Soybean saw increment in trade by almost 95% during July in comparison to previous month and 62 lots were traded. Soybean price moved up by almost 30% as production risk increased

due to hot weather during the month in the U.S.A., which boosted investment in soybean. However during the following two months, less investor were attracted to Soybean and lot size continued to decline to 52 lots and 48 lots during the month of August and September respectively. During August, Argentina declared to reduce its export taxes from 35% to 30% in Soybean which reduced its price. Meanwhile U.S. declared increase in its production by 1.5%, which was more than forecasted, which again reduced the price discouraging investors to take positions.

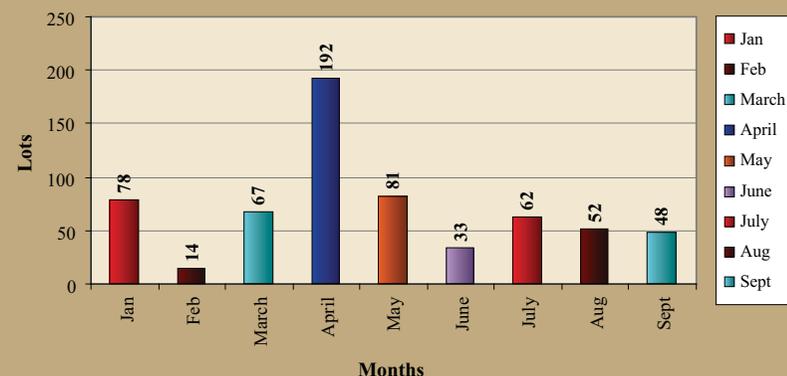
Soybeans are one of the most active and popular commodities to trade in commodity exchanges

was the worst month for the commodity with only 14 lots being traded. But with Soybean at low prices, investors were soon attracted and this led to the increase of Soybean lots in March, recording 67 lots being traded. While February was the worst month, April was the best month for Soybean. In April, 192 lots were traded, an increase of a staggering 186%. Traders showed optimism as soybean rose after U.S. government reported increase in its exports sales, tightening supplies available for domestic processors.

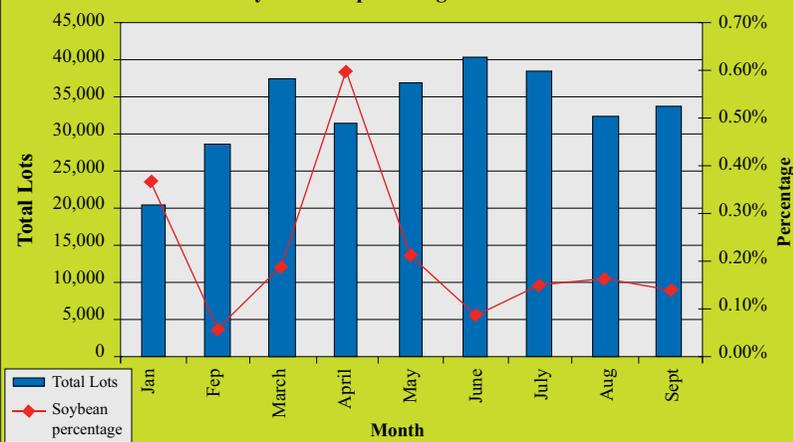
Meanwhile China also came up with



Soybean Lots



Soybean as a percentage of total lots





Contract Specification	
Name	Soybean
Symbol	SOY
Cont. size	20000
Unit	KG
I. Margin	35000
Price Quoted	NPR / KG
Trading Hrs	04:45 - 18:00 20:15 - 00:00
Quality	No.2 Yellow
Contract Months	Jan(F), Mar(H), May(K), Jul(N), Aug(Q), Sep(U), Nov(X)

Natural Gas

Natural gas is mostly produced by big companies and is traded as commodity in commodity market. The price movement in natural gas is quite volatile due to its use in daily activities.



Introduction

Natural gas is a fossil fuel i.e. the remains of plants and animals and microorganism that lived million and millions of years ago. Natural Gas is one of the main sources of energy for our daily needs and activities. It is also one of the major component of the world's energy supply. The main feature of natural gas is that it is one of the cleanest, safest, and most useful of all energy sources. Natural gas itself isn't a new discovery instead it is brought out from under the ground, which was formed by natural process, taking millions of years. But the commercialization of natural gas use was started by Britain in 1785. Natural gas produced from coal was used to light houses and street light in Britain. Natural gas is non renewable source of energy and its reserve is limited to certain part of the world. The major reserve of natural gas lies in the Middle East which account for 34%. Europe and Russia accounts for 42% of reserve and one of the world largest consumers of natural gas, the U.S. possess 3% of the world's total natural gas reserves. Natural gas is mostly produced by big companies and is traded as commodity in

commodity market. The price movement in natural gas is quite volatile due to its use in daily activities.

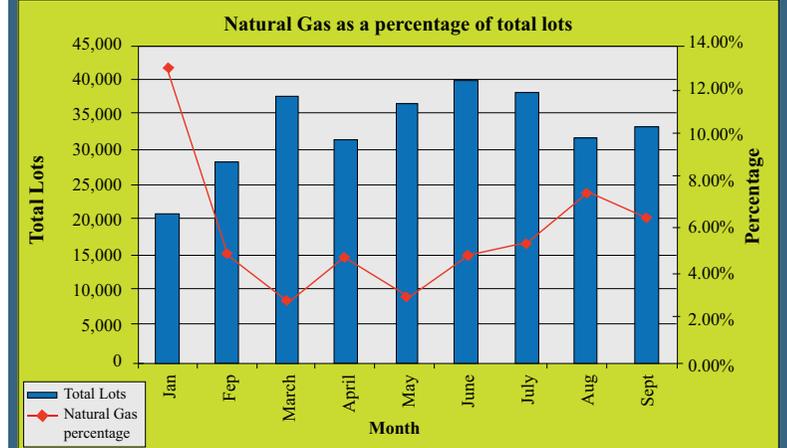
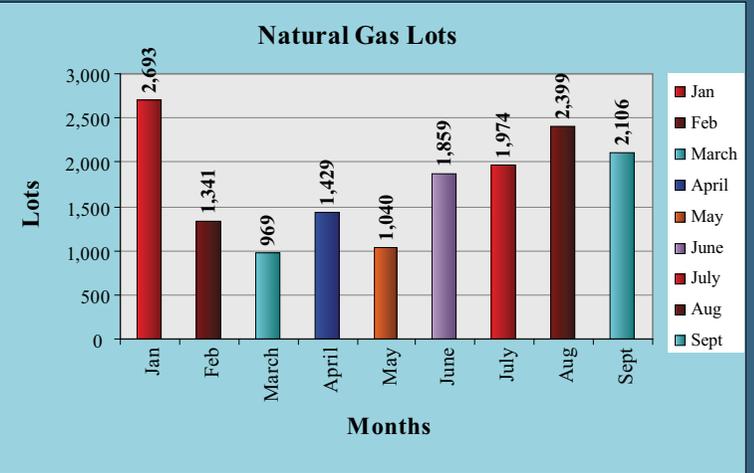
Explanation of Charts

January saw the highest number of lots traded for natural gas at 2,693 lots. This was mainly due to the adequate supply of natural gas in the U.S., which saw natural gas prices decrease. Investors were seen taking advantage of these cheap prices and taking up positions in natural gas, thus contributing to this high lot volume. But the number of lots traded decreased from February to May with 1,341, 969, 1,429, and 1,040 lots traded respectively. Normal weather in the U.S., one of the biggest consumers of natural gas saw less volatility in the market which led investors to shy away from the market. Likewise, ample supplies in the storage of the U.S. also contributed to this decline. However, the number of lots increased drastically to 1,859 lots in June which was an increase of 78.75% from previous month. Speculation regarding an active hurricane in the Gulf of Mexico potentially disrupting production saw natural gas prices increase. Investors saw possibility of profit due to which the lots increased. July saw a marginal increase

in the lots with 1,974 lots being traded. However, August saw the lots increase by 21% to 2,399 lots. The growth in volume mainly resulted from expectations that the hotter than normal temperature in the U.S. would boost air conditioning thus increase demand for natural gas. September saw a decrease in the total number of lots traded to 2,106. This decrease was attributed to the US government report that there was a smaller-than-expected increase in natural gas inventories. However, although the lots decreased from the previous month, September was still the third best month for natural gas.

Contract Specification

Name	Natural Gas
Symbol	NAG
Cont. size	2500
Unit	MMBTU
I. Margin	60,000
Price Quoted	NPR/MMBTU
Trading Hrs	03:45 - 02:45
Quality	Standard pipeline quality
Contract Months	All Months



MINI

Copper

Introduction

The name copper is derived from the Greek word 'chalkos'. Copper possess a wide range of properties that make them invaluable for many application. Copper has a remarkable combination of properties. It is a good electrical and thermal conductor. Copper metal have been in use for thousands of years. The early decades of the 19th Century saw the foundation of the Electrical Age and thereafter the demand for copper increased tremendously. Britain was the major producer for much of the 19th Century but new mines were opened up in U.S.A., Chile, and later in Africa, until in 1911 the world's output of copper for the first time exceeded a million tons per annum. With the increase of industrialization, new important uses were found for copper. Most copper ore is mined or extracted as copper sulfides from large open mines. Chile is the top mine producer of copper followed by the USA, Indonesia, Peru and china. Total world production of copper stands at 15,900,000 MT in 2009. World's copper production is expected to remain in deficit in coming year due to high demand from major consuming countries like china, US and Europe.

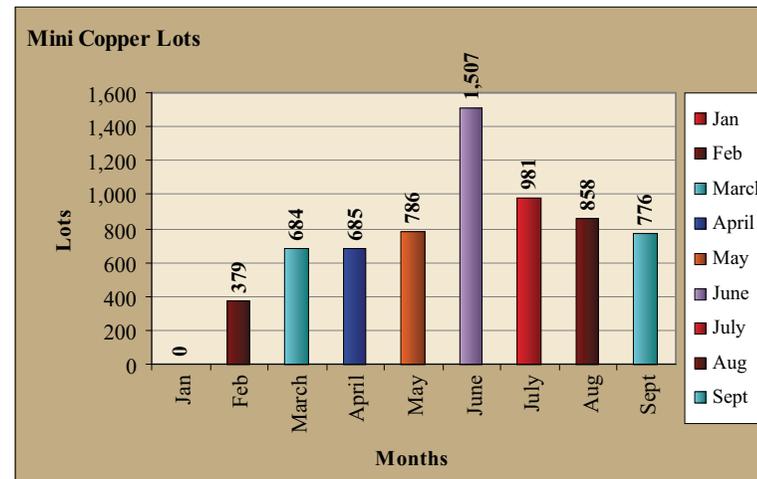
Major factor that affect the price of copper can be listed as follows:

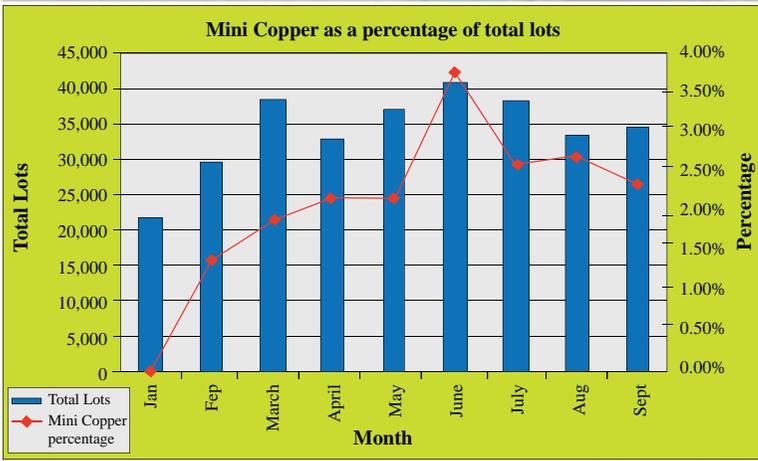
- Price fluctuations of copper in London Metal Exchange
- Production level of copper in the world
- Growth prospects of the major copper consuming countries of the world
- Growth prospects of the various consuming sectors in the market

Explanation of the Charts

Mini Copper is one of the least traded of the mini contracts. This can probably be attributed to the fact that the mini copper contract was introduced in February of 2010. As a result, investors have been slow in incorporating mini copper as a means to diversify their investment. However, as the chart suggests, trading in mini copper has increased over the months. As with any other commodity, lot size of mini copper has also seen its share of ups and downs, thanks mainly to the market sentiment and the various news and events that have

affected these sentiments. Mini copper was introduced on 15th Feb 2010. The month of its introduction, it captured a mere 1.32% of the total transaction volume at the MEX terminal. However, the lots increased to almost double in March as investors seemed to get comfortable with the relatively cheaper Initial Margin and the less risky nature of the contract in comparison to its regular contract. As with the Regular copper contract, trading in mini contracts was also influenced by the various news and events and the earthquake in Chile and the subsequent expectation that demand for Copper will increase led to investors trading in mini copper contracts. This interest in mini copper stayed strong in April too and mini copper comprised of 2.14% of total lots traded during that period in the MEX terminal. Surprisingly, unlike the regular counterpart which saw a decrease in lots in May, mini copper contracts saw its lots increase in May. As a result, mini copper comprised of 2.12% of total lots traded during the period. June was the most favorable month for mini





copper. Like its regular counterpart, trading in mini copper contracts was the highest in June. Infact, the mini contract saw a 92% jump in its lots during June and also made up for 3.74% of the total traded lots in the terminal. As in the case of Regular copper, decreasing prices saw investors jump on the mini copper bandwagon, taking short positions which resulted in this 92% jump. July saw interest in mini copper decrease and only 981 lots were traded in that period. Likewise, only 858 lots were traded in August. While the lots decreased in comparison to the previous month, in percentage terms, 2.65% of the total lots traded in August were in mini copper, slight increase from 2.55% in July. The decrease continued on September as well and mini copper accounted for only 2.30% of the total lots traded during that period. Continuing confusion regarding the economic recovery with hints of improvement here and there saw traders hesitate to trade in mini copper resulting to its decreased lots.

Contract Specification

Name	Mini Copper
Symbol	MCOP
Cont. size	500
Unit	KG
I. Margin	15000
Price Quoted	NPR / KG
Trading Hrs	03:45 - 02:45
Quality	ASTM B 115, Grade 1, Electrolytic Copper
Contract Months	Mar(H), May(K), Jul(N), Sep(U) Dec(Z)



MINI Silver



Introduction

Silver is a white, soft, lustrous transition metal, which has the highest electrical conductivity of any element and the highest thermal conductivity of any metal. Mostly, silver is produced as a by product of copper, gold, lead and zinc refining. Silver has long been valued as a precious metal, and it is used to make ornaments, jewelry, high-value tableware, utensils and currency coins. Silver is often considered as the “poor man’s gold” as it has been quietly climbing the investment and demand charts since its discovery thousands of years ago. Its unique properties make it ideal for thousands of applications used in every day life. The top three producers in the year 2009 were Peru, India and China. While looking at the consumption side, the largest consumer of silver is the United States followed by India, Japan, and Italy. 75% of silver’s production comes from gold, copper, lead, and zinc mining which is why changes in these other industries have a large impact on the price of silver. On the demand side, silver (like most commodities) benefits from strong world growth, a weaker U.S. dollar, and increasing use in electronic applications. With so much of news available for precious metal, investors are highly interested to trade in this commodity.

Explanation of Charts

The chart above shows that mini silver has 0 lots in the month of January as this item was introduced only from the month of February for trading in MEX Nepal. The very motive to introduce mini silver was to provide our investors with an opportunity to trade silver in smaller size. Upon introduction in February, mini silver contracts made an impressive start with 1,608 lots being traded. However like its

regular counterpart, mini silver contracts declined in the following 2 months. A stronger dollar as well as the continuing Greek crisis led to fall in silver prices which contributed to this decline. But the decline was smaller in comparison to the decline in lot size of regular silver. As a result, only 1,306 and 1,304 lots were traded in March and April respectively. The month of May saw an increase in lots with 1,976 lots being traded in mini silver. This was an increase of 50% in comparison to the previous month. June saw similar improvement with 1,980 lots being traded. Amid worsening economic conditions of some of the super powers, investors were seen rushing to the precious metals, generally considered a store of value. As a result, the total number of lots increased in June and this increase was recorded in July too with 2,086 lots being traded. August however saw a decrease in lot sizes with 1,928 lots being traded. However, like its regular counterpart, September proved to be the best month for mini silver as there was an increase of 31% in lots traded. The slumping dollar increased the appeal of silver as an alternative investment thereby contributing to a record 2,537 lots being traded.

Contract Specification

Name	Mini Silver
Symbol	MSIL
Cont. size	10,000
Unit	Gms
I. Margin	24,000
Price Quoted	NPR/10 Gms
Trading Hrs	3:45 – 2:45
Quality	.999 fineness
Contract Months	Mar(H), May(K), Jul(N), Sep(U) Dec(Z)



“

Silver is often considered as the “Poor man’s gold” as it has been quietly climbing the investment and demand charts since its discovery thousands of years ago. Its unique properties make it ideal for thousands of applications used in every day life.

”

MINI Gold

Introduction

Gold is a metallic element which is yellow in color. It is the most malleable and ductile pure metal and is quite resistant to corrosion. It is one of the most expensive materials on the planet due to which it is also referred to as “precious metal”. It is believed that gold was used as early as 6000B.C. Although gold is mostly used as jewelry, it is also used for industrial purposes such as for dentistry and electronics.

Despite its predominant role as jewelry, gold is also used in the financial world. It is used as a hedge against inflation. Likewise, gold is also used for investment purposes. Currently, gold futures are one of the most highly traded commodities in the world today. China and Australia are the two top ranking gold producers in

the world. Likewise, China and India are the two top ranking gold consumers. One of the major factors influencing the price of gold is demand and supply. Likewise, the strength or weakness of the USD also affects the price of gold since generally, these two moves in opposite directions. Likewise, considering its status as a store of value, political and financial turmoil in the world also play a factor in determining gold prices. An example of this can be the recent financial crisis.

Explanation of Charts

Just like its counterpart, mini gold is the most traded commodity in the mini contract category. With a market composition of 8%, the mini contract is the fourth most traded commodity in the MEX terminal. In January, 1,696 lots of the mini contract was traded, making up 8.12% of the total lots traded during that period. Following in the

“ gold is also used for investment purposes. Currently, gold futures are one of the most highly traded commodities in the world today. ”

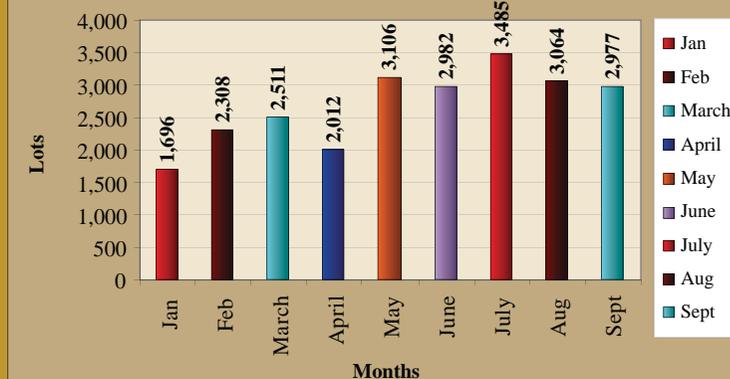
footsteps of the regular contract, the lots increased to 2,308 lots in February. This too was a 36% increase from the previous month, just like its regular contract. But the mini contract could not match up to its regular contract in March and the total lots traded in mini gold during March were just a mere 8% increase to 2,511 lots. The European crisis and the subsequent downgrade of Portugal’s debt contributed to this increase. But the interest in the mini contract decreased in April with mini gold lots contributing to only 6.28% of the total lots traded in that period. May however saw this interest in the mini contract rise again with a 54% increase in lots in comparison to the previous month. The massive European rescue package and the subsequent fears among investors regarding the effects of such a huge package saw investors taking up positions in the mini contract. While June again saw a marginal decrease in mini gold lots, July seemed to be the highlight of the year for this mini contract. On July, 3,485 lots were traded, the highest in 2010. Likewise, this made up 9.06 % of the total lots traded in the terminal during that period. With investors shying away from the regular contract which was very volatile during this period, the mini contract benefited

as it was less volatile in nature. The subsequent 2 months saw lots decrease in Mini gold. In August, only 3,064 lots were traded which was 9.46% of the total lots traded in that period. Likewise, September saw 2,977 lots being traded which was again 8.82% of the total lots traded at the MEX terminal. Being one of the first mini contracts to be introduced, the mini gold contract has certainly managed to gather enough support from the investors which can be surmised looking at the lots chart.

Contract Specification

Name	Mini Gold
Symbol	MGOL
Cont. size	200
Unit	Gms
I. Margin	25,000
Price Quoted	NPR/10 Gms
Trading Hrs	3:45 – 2:45
Quality	.995 fineness
Contract Months	Feb(G), Apr(J), Jun(M), Aug(Q), Dec(z)

Mini Gold Lots



Mini Gold as a percentage of total lots



Sugar

Introduction

Sugar belongs to a class of edible crystalline carbohydrates and sugar mainly produced of sucrose or sugar beet. More than 100 countries produce sugar around the world using either sucrose or sugar beet. Around 79% of total production is made from sugar cane, grown primarily in the tropical and sub-tropical zones of the southern hemisphere, and the balance of sugar beet is mainly grown in the temperate zones of the northern hemisphere. The largest producer and the consumer of the sugar is Brazil. The world's sugar price continued to keep up its reputation to be highly volatile by trading to record high of \$ 30 cents per pound early in the first quarter of 2010. This volatility in price was the reason that this commodity was introduced for trading.

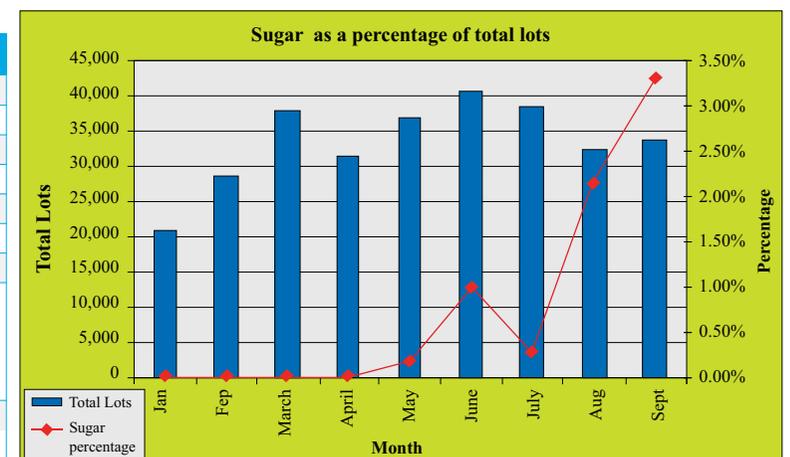
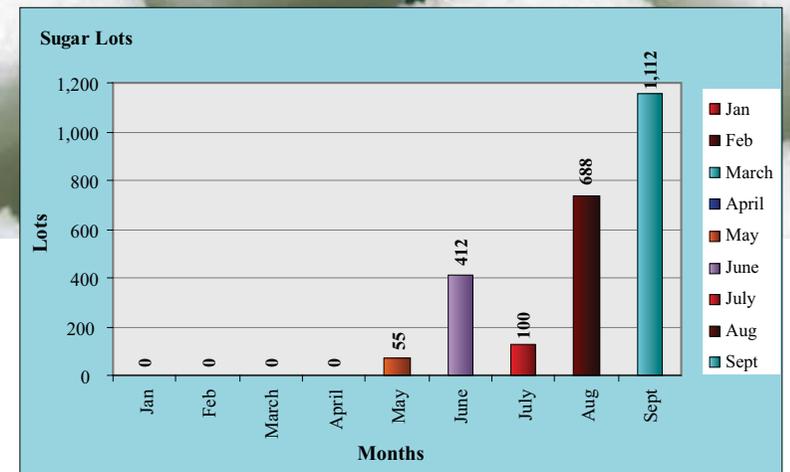
Explanation of Charts:

The chart above shows that sugar has 0 lots from January to April as this item was introduced only from the month of May for trading in the MEX terminal. As a result, only 55 lots of sugar are traded in May. The following month, investors started investing in Sugar as a stronger dollar threatened to curb the import demand. Also, increasing supply from India and Brazil saw Sugar prices fall due to which investors were seen taking up Sugar positions. As a result, June saw an impressive 412 lots being traded. July however saw a decline in Sugar trade to only 100 lots, a decrease of 75%. This was mainly attributed to news that bad weather may decrease production which in turn would affect prices. August however saw Sugar lots increasing to 688. This was an increase of 588%. Sugar rose in August on concerns that adverse weather in countries like Russia, Pakistan and South Africa would cut production. Investors saw this

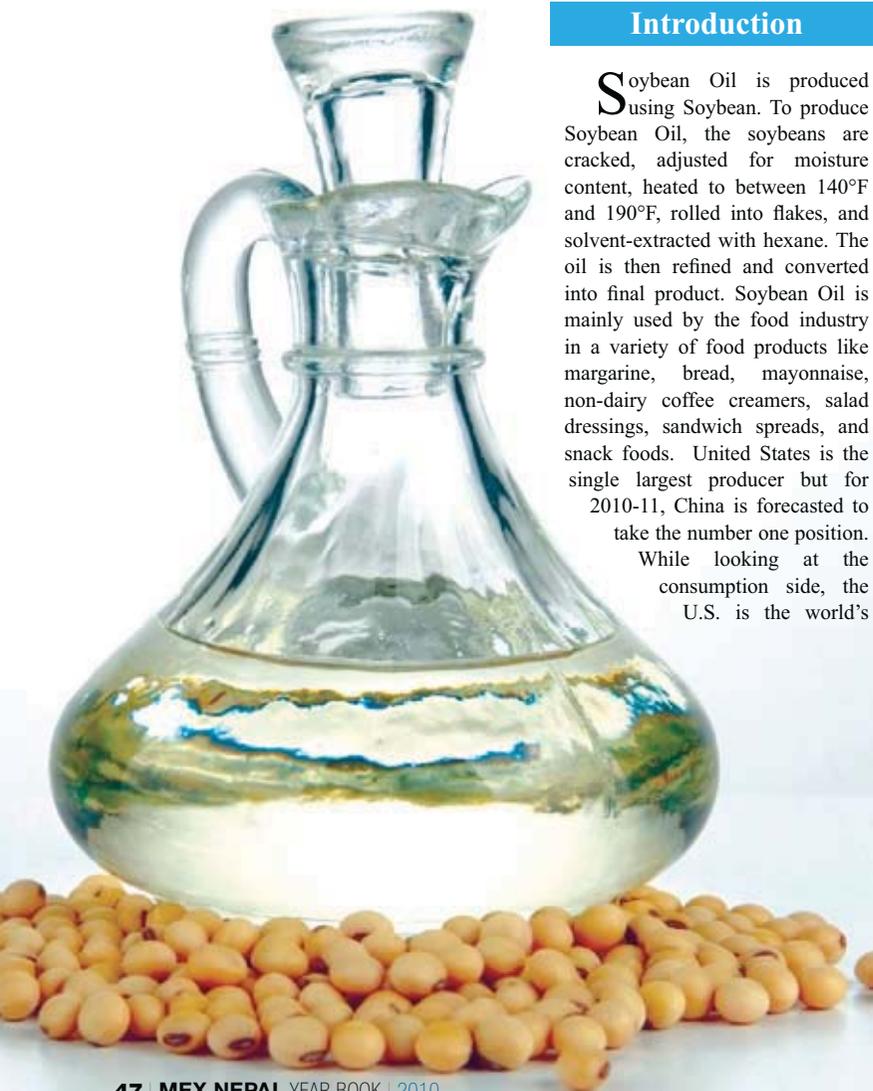
as a profit making opportunity due to which the lots increased. With Sugar prices increasing, investors started taking up more Sugar positions and September recorded the highest lots taken in the commodity in 2010. 1,112 lots were taken in September which was an increase of 61%.

Contract Specification

Name	SUGAR
Symbol	SUG
Cont. size	20000
Unit	KG
I. Margin	35,000
Price Quoted	NPR / KG
Trading Hrs	13:15 - 23:45
Quality	Sugar No.11, Raw centrifugal cane Sugar based on 96 degrees average polarization
Contract Months	Mar(H), May(K), Jul (N) and Oct(V)



Soybean Oil



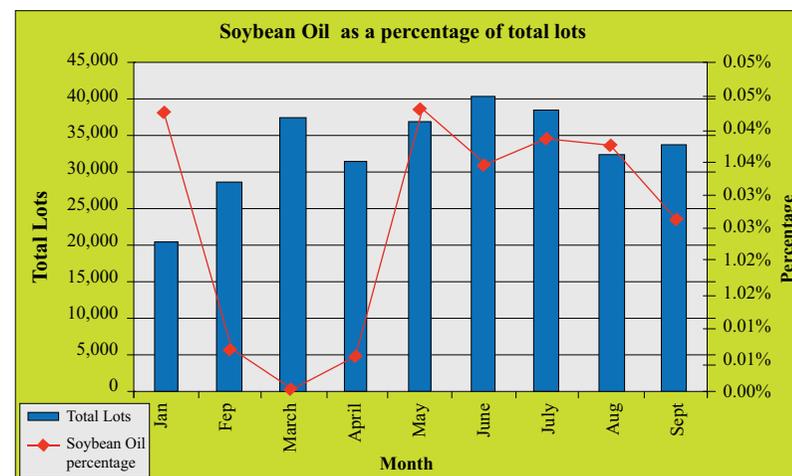
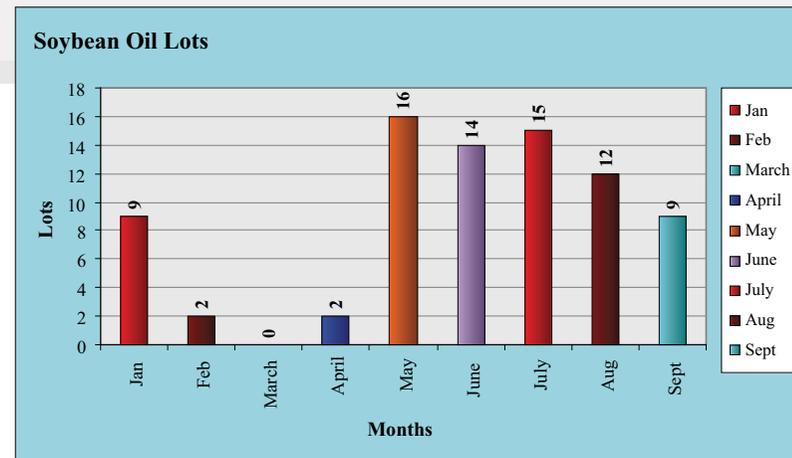
Introduction

Soybean Oil is produced using Soybean. To produce Soybean Oil, the soybeans are cracked, adjusted for moisture content, heated to between 140°F and 190°F, rolled into flakes, and solvent-extracted with hexane. The oil is then refined and converted into final product. Soybean Oil is mainly used by the food industry in a variety of food products like margarine, bread, mayonnaise, non-dairy coffee creamers, salad dressings, sandwich spreads, and snack foods. United States is the single largest producer but for 2010-11, China is forecasted to take the number one position. While looking at the consumption side, the U.S. is the world's

largest consumer with about a third of the total followed by China. Soybean Oil in its crude form is the most traded oil in international market after palm oil. Chicago Board of Trade is the biggest exchange for soybean and Soybean Oil.

Explanation of charts

Soybean Oil is among those commodities that are traded less than 1% in the MEX terminal. The chart itself explains the volume of this commodity. The volume trading of Soybean Oil in the initial phase of this year was low. In January total lots traded were 9 which gradually declined in February and March to remain at 2 and 0 lots respectively. Volume traded in April was just 2 lots. This was mainly due to the bullish price cycle of Soybean Oil. The huge stock of edible oil and declining demand in retail level wasn't encouraging for investor, which caused investor to shy away from Soybean Oil. But the volume traded was on the higher side from the month of May. In May, 16 lots of Soybean oil was traded. This was caused as a result of China's (biggest cooking oil consumer) decision to support Brazil and US for the supply which was a big boost for the commodity. In the month of June, July and August total volume traded were 14, 15 and 12 lots respectively. This interest of investor was due to the declining premium of Soybean Oil over palm oil (palm oil and Soybean Oil are substitute product). The expectation that the price of Soybean Oil will remain lower as a result of lower trade in international market and ample



availability of edible oil also attracted investors to invest at lower price. On September, the volume declined slightly to remain at 9 lots which was 0.03% of total lots traded in MEX. This decline in investment by investor was due to the possible dryness in Brazil and US which ultimately caused investors to trade less in Soybean Oil.

Contract Specification

Name	Soybean Oil
Symbol	SBO
Cont. size	22,000
Unit	KG
I. Margin	70,000
Price Quoted	NPR / KG
Trading Hrs	04:45 – 18:00 20:15 – 00:00
Quality	Crude Soybean Oil
Contract Months	Jan(F), Mar(H), May(K), Jul(N), Aug(Q), Sep(U), Oct(V) and Dec(Z)



Market Capitalization

Cocoa

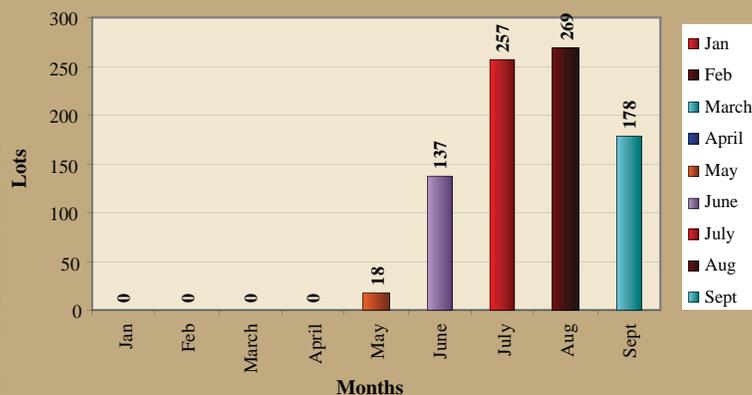
Introduction

Cocoa is used for making chocolates or bakery products of chocolates. This is sold in the form of powder for making chocolates and cakes. It's beans are the seeds of the fruit or 'pod' of the cocoa tree. The cocoa tree grows in the warmest regions on earth within 20 degrees north and south of the Equator. Approximately 60% of world production originates from Africa, but origin of cocoa was depicted from the South American culture. They used to prepare a beverage with it which was used during the rituals and ceremonies of wedding. Today people around the world are consuming more than 3 million tons of cocoa beans annually and it has been found that Brazil is the largest producer and Europe is the largest consumer of cocoa. The ICCO (International Cocoa Organization) is an organization that provides daily price for cocoa beans. Since this commodity is used more in bakery products the bakery products manufacturers are mostly interested to trade in this commodity.

Explanation of chart

The chart above shows that cocoa has 0 lots from January to April as this item was introduced only from the month of May for trading at the MEX terminal. During the first month of trading, only 18 lots were registered which hinted that investors were testing the commodity. June saw fall in the inventory of cocoa due to which the price of cocoa increased in comparison to the previous month. As a result, investors traded 137 lots in this newly introduced commodity which was an increase of a staggering 660% from previous month. This interest in cocoa wasn't lost in July either with 257 lots being traded in that period. This was an encouraging increase of 87%. This was mainly due to the price of cocoa reaching a near 33 year high in the month of July following better than expected demand for bean. August saw the lots increase yet again by 12 lots in comparison to the previous month and this was mainly due to expectation that the prices will fall. As a result, 269 lots were traded. September however saw only 178 lots being traded on a note of mix reaction of the production of cocoa.

Cocoa Lots



Cocoa as a percentage of total lots



Contract Specification

Name	COCOA
Symbol	CCO
Cont. size	5000
Unit	KG
I. Margin	35,000
Price Quoted	NPR / KG
Trading Hrs	13:45- 23:45
Quality	Quoted growth, Group-C
Contract Months	Mar(H), May(K), Jul(N), Sep(U) and Dec(Z)

Corn

Introduction

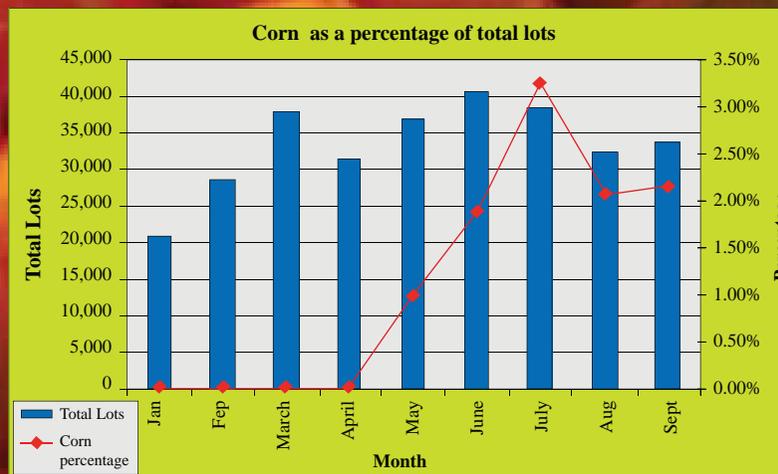
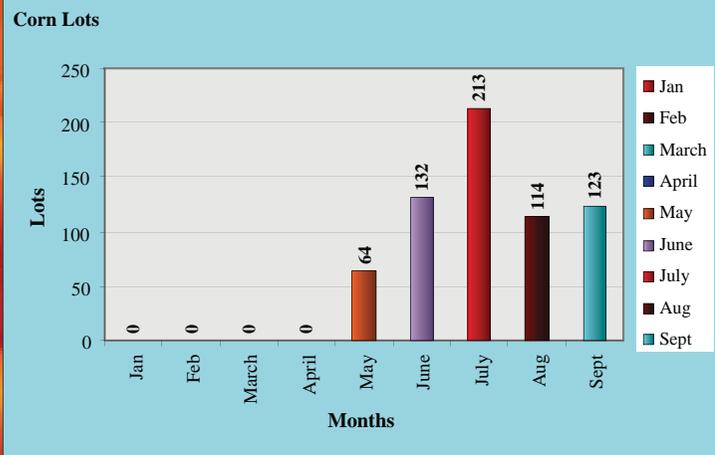
Corn is a tall plant grass which grows in rows on the larger ears and is eaten as a vegetable. Corn is grown as food for both human and animals. It is a plant whose food value and wide variety of uses make it the most important crop grown in the United States and one of the most important in the world. In order of world grain production, corn ranks second after wheat and is followed by third-ranking rice. The top three producers of corn are the USA, China and Europe producing 41%, 19% and 7% respectively and around 16% of U.S. Corn production is sold for export. While looking at consumer side, the largest consumer of corn is United States is also the largest with average consumption of 183,119 TMT. Due this

huge demand of corn, it is introduced for trading in derivatives market in order to reduce the risk associated with price and exchange rate.

Explanation of Charts

The chart above shows that Corn has 0 lots from January to April as this item was introduced only from the month of May for trading in MEX Nepal. In the first month of its introduction, Corn posted 64 lots. The following month the price of the Corn increased the most in six weeks after the U.S. government said that its reserves before this year's harvest will be the smallest since 2007. The increase in price motivated the investors to capitalize on the advantage of investing in corn. Due to this the volume of Corn increased by 106.25% as compared to the month

of May, posting 132 lots. The following month the volume increased by 61.36% as the price of corn fell. This was mainly due to the improved crop condition in the U.S., boosting yield potential in the world's largest grower and exporter. However, in the month of August, the volume of Corn declined as investor's speculative analysis predicted that the Midwest heat wave in the US in the month of August will result in smaller production than predicted by the government. Due to this reason there was fall in the lot size by 46.47% compared to the month of July. September saw the lot size improve marginally to 123 lots. This was mainly because the price of Corn increased, extending its rally to the highest price since October 2008, on speculation that the U.S. crop will be smaller than the government forecast.



Contract Specification

Name	CORN
Symbol	CON
Cont. size	40000
Unit	KG
I. Margin	25,000
Price Quoted	NPR / KG
Trading Hrs	04:45 – 18:00 20:15 – 00:00
Quality	#2 Yellow. Free from moulds, fungus and from any added coloring agent
Contract Months	Mar(H), May(K), Jul(N), Sep(U) and Dec(Z)