



NATIONAL COMMODITY EXCHANGE LIMITED

“NCEL- 2009 a year of success”

Press Conference January 13, 2009

Agenda

- **Introduction to NCEL**
- **Current Product profile**
- **NCEL brief history**
- **“Growth story (2009 growth numbers shared)”**
- **What has changed at NCEL**
- **Future outlook**

About NCEL

NCEL is Pakistan's first and only Demutualized all-electronic Futures Exchange with a technological infra structure allowing trading in a wide spectrum of commodity derivatives, driven by best global practices, professionalism and transparency. NCEL has 100% financial institution shareholding, including shareholders such as the National Bank of Pakistan, Zarai Taraqiati Bank (ZTBL), Pak Kuwait Investment Co., and the three national stock-exchanges. NCEL is the only central counterparty (CCP) clearing house in Pakistan, which guarantees the financial obligation of each trade. The risk management ability of the exchange allows real life market monitoring with pre and post trade checks. Intra-day margining is also in full conformity with the Bank of International Settlements (BIS) November 2004 Guidelines. The exchange reopened its memberships and continues to offer fresh memberships with lucrative opportunities in a growing commodity trade market.

Brief History

NCEL formally launched its operations on May 11, 2007 with a single listing of Gold Futures. With just one listing and a few registered brokers, NCEL barely 4 months old, recorded physical deliveries/settlement of Gold futures contract. This hallmarked the exchange's capability of handling physical and financial settlements also gaining confidence of the market participants in the Exchange and its Clearing House.

In 2008, IRRI -6 Rice Futures, Palm Olien Futures Contract and first mandatory physically settled Mini Gold contract were listed. With such additions the exchange achieved a new volume record; however, volume growth was concentrated in gold futures. The first two years only achieved a negligible stature

2009 – “A Year of Success”

2009 witnessed a remarkable impetus with respect to liquidity growth, trading volumes and listings. Starting from a single listed commodity, the exchange now offers 5 listed commodity futures, and 1 financial future totaling 6 listings with 13 various contracts designs. **NCEL product profile** with a fairly diversified covering of a broad range of asset classes include:

Metals: Bullion (Gold)

This is further broken down into two sub categories:

- **Physical Deliverable Gold Futures Contracts**
 - Mini Gold Contract
 - TT Gold Contract
- **Cash Settled Gold Futures Contracts:**
 - NCEL 1 ounce Gold Futures Contract
 - NCEL 100 ounces Gold Futures Contract
 - 100 gram Gold Contract
 - Kilo Gold Contract
 - 50 & 100 Tola Gold Contracts
- **Silver**
 - 500 ounce Silver Futures Contract

Energy:

- Crude Oil Futures Contract

Agricultural and Soft Commodities

- IRRI-6 Rice Futures Contract
- IRRI-6 Rice Weekly Deliverable Contract
- Palm Olein Futures Contract

Financial Futures: KIBOR Futures Contract

Growth Story

The above 13 various contract designs over varied periods of investment, total to 40 active contracts listed all together as of today. From last year the exchange is now continuously operational for 20 hours a day from 10am to 6am, five days a week (irrespective of national holidays). In addition, the exchange achieved 11.15% growth in memberships totaling 289 members, 118.20% growth in commodity brokerage registrations and 58.30 % growth in member business activation leaving us with a total of 38 active members as of today since NCEL formally launched its operations.

Broker outreach from just two main cities to 11 different cities of the country has also partied to UIN growth which is up by 745% approximately since 2007. Although, NCEL is an Internet-based network free of any geographical constraints that provides a gateway to trading, clearing and settlement services all across the country through NCEL registered members.

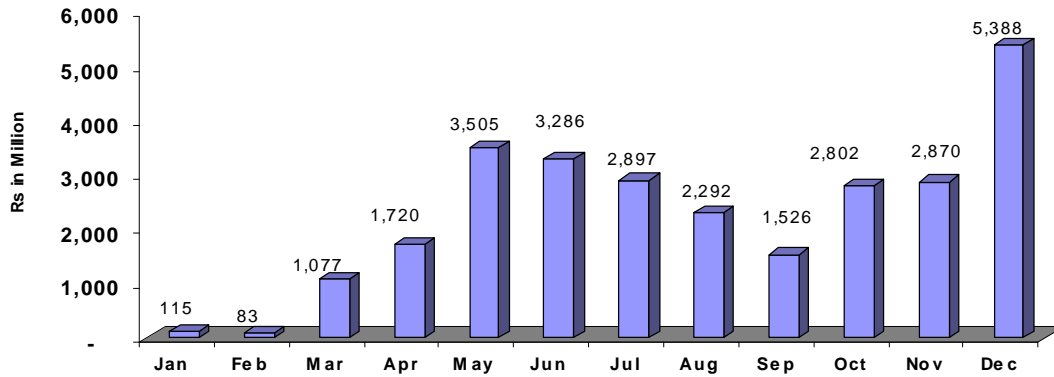
Growth in terms of Volume

- Second consecutive year of positive year-over-year growth in 2009
- Day trade highest volume record: In 2007, highest a day trade volume record of 9.6 million was seen. 2008 set a new record up by almost 123% of 21.5 million; 2009 set a remarkable day trade volume record worth 1.29 billion (up by 5900% compared to 2008 and 13000% since 2007). This record volume sets a positive expectation for 2010 trading volumes
- Daily value of average traded volume in 2007 was only 1.3 million, which moved up by 92% in 2008 to 2.5 million. Daily value of average traded volume in 2009 was 117 million, up by 4680%. However, December 09 Daily value of average traded volume stood at 300 million outlaying positive expectations for 2010. In less than three years exchange daily volumes witnessed 8900% growth.
- Monthly Average volume in rupees for 07, 08 and 09 stood at 26, 51 and 2340 million respectively reflecting 8991% over the years.
- Average last quarter traded value over the three years has seen a 34,500% growth
- NCEL volume growth has been phenomenal in 2009 breaching ISE and nearing LSE volumes. In 2010, these volumes are only expected to grow further with growing institutional investors and additional product listings.
- Note: Volumes do not include crude oil and silver and are mostly concentrated in gold. Volumes are expected to grow substantially with these additional contracts in 2010.
- NCEL Commodity index first of its kind, also launched last year, the Index over its short life span has doubled reflecting commodities as an asset class are now placed center stage and are now equal in importance to other traditional markets like stocks, bonds and currencies. *It is this reality that is imperative for us to recognize!*

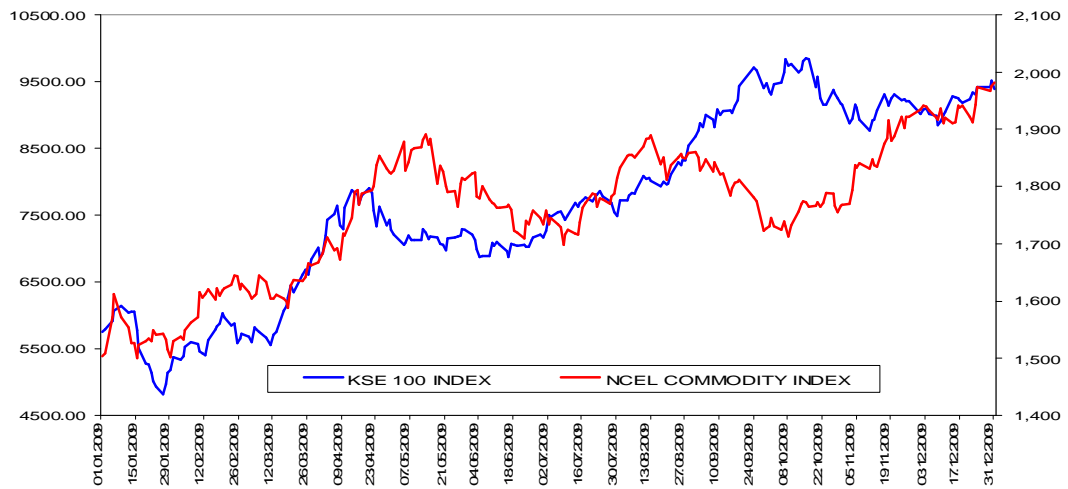
The growth did not come on its own; it came in consequence of NCEL offerings such as price discovery, liquidity (international market depth), tight price spreads, low transactional costs; transparency and ensured settlement. NCEL has gained recognition as a reliable and secure platform for retail and institutional investors. Owing to its achievements a larger number of commodity Funds, banks offering commodity linked structured products and growing number of Commodity brokers have entered in the commodity markets.

During 2010, NCEL plans to list a full product pipeline with several exciting new agricultural, metal, and financial futures contracts. With growing market demand NCEL will also extended its current vaults and warehousing facilitations. The exchange plans to bridge international markets and attract participants from within and outside the region.

2009 monthly rupee volume



KSE-NCEL INDICIES 2009



NCEL Traded value vs. LSE, KSE

