

## **The Commodity Market comes alive in Pakistan as volumes rise 7 times in 2010**

The National Commodity Exchange Limited has reflected remarkable growth this year with total traded volumes of approx Rs 185 Bn in 2010. The total volume last year was Rs 28 bn which translates into an increase of 660 % in traded volumes over last year. This exponential growth is achieved as more and more institutional and retail investors turn towards the commodity markets. The addition of commodities in the investment portfolio offers an opportunity for diversification as well as hedge against inflation and the slow pace of the equities market. As more and more investors recognize the importance of commodities trading the numbers keep multiplying.

While the main focus still remains on gold trading, volumes have also picked up significantly in the silver and crude oil contracts. The gold contracts have shown marked increase from about 87,000 contracts in 2009 vis a vis approx 642,000 contracts in 2010. This rise is on the back of increasing gold prices in the year and more reliability of Gold as a safe investment option with comparatively less volatility than equities. The silver and crude oil contracts have shown encouraging results since their listing on the exchange in the year 2010.

During the year NCEL introduced new contracts of 1 tola gold and new products Crude Oil and Silver on the tradable commodities list. The addition provides further depth in the market and liquidity to its platform as well as creating new opportunities for trading and advanced hedging strategies. Another worthwhile addition was the launch of a Gold Fund with KASB Funds which is the first of its kind in Pakistan.

Samir Ahmed, MD and CEO NCEL highlighted, “The year 2010 also brought in a wave of new memberships from brokers who wanted to offer commodities trading to their clients taking the memberships to 310 on the Commodity Exchange” he further added, “the NCEL surpassed the combined trading volumes of the Lahore and Islamabad stock exchanges which is quite an achievement in such a short time”

National Commodities Exchange Limited is Pakistan’s first de-mutualized electronic futures exchange with a 100% Institutional shareholding and is licensed and regulated by the Securities and Exchange Commission of Pakistan.