

DGCX trading volumes climb 52% in first half 2011

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The Dubai Gold and Commodities Exchange (DGCX) on Monday reported that its trading volumes in the first half of 2011 hit an all-time high of 1,417,223 contracts, valued at \$69.1 billion, a 52 per cent increase over the same period last year.

June witnessed the highest ever monthly volume of 268,390 contracts, valued at \$12.96 billion, an increase of 40 per cent over last year.

June volumes were driven largely by a surge in currency trading. During the first six months of the year currency volumes rose 80 per cent to 1,105,673 contracts while June currency volumes grew 119 per cent to 231,064 contracts.

"The rise in currency futures trading volumes has been mainly due to the increased interest in hedging against price risk in currency rates. Global economic uncertainty has led to steep fluctuations in currencies, prompting investors to hedge exchange-rate risk on DGCX," CEO Eric Hasham told *Gulf News*.

The high levels of volatility, coupled with the need to manage counter-party risk have strengthened the value proposition of exchange based forex futures trading. DGCX India rupee futures maintained high growth momentum in June with 204,609 contracts.

"As for DGCX rupee futures, the contract is attracting increased interest and participation globally as market players with business and trade links with India are finding the need to hedge their exposure to the rupee," said Hasham.

In addition, India's rapidly growing trade flows, increased cross border investments and the brisk fluctuation in exchange rates, have created a requirement to hedge their currency risk.

Another major reason behind the rapid rise in volumes of Indian rupee futures on DGCX is the huge arbitrage opportunities that the contract offers investors.

In addition to the record volumes in rupee contracts, DGCX achieved volume records with average daily volume up 40 per cent year-on-year.

"The volume records that DGCX has set in June cap an excellent six months for the exchange in 2011. The robust trading growth that we have achieved over the first half of the year augurs well for a strong annual performance," said Hasham.

Other currency contracts such as Australian dollar, Canadian dollar and Swiss franc futures registered first-half volumes of 16,454, 3,543 and 14,625 contracts. In June, they grew 303 per cent, 42 per cent and 470 per cent year-on-year.

Despite the growing prominence of currency volumes in trading on the DGCX, Hasham likes to refer to the bourse as a derivative exchange which offers a wide range of financial tools to manage price risk in today's economy.

"The rise in currency volumes also reflects the growing attractiveness of currencies as an alternative asset class globally," he said.

DGCX's precious metals products also reported strong growth in the first half.

While the first half volumes of DGCX gold futures climbed 6 per cent to 255,724 contracts valued at \$11.88 billion, silver rose 69 per cent to 29,781 contracts.

"Silver has grown in its attractiveness among global investors. There has been a marked increase in both the volatility and demand for the product," Hasham said.

Meanwhile, the exchange said its WTI crude futures monthly volume grew 9 per cent in June to 4,560 contracts valued at \$441 million.