

CORN CONTRACT EMBRACED BY LOCAL COMMODITIES TRADERS

JOHANNESBURG, 18 MAY 2009 – Latest JSE trading figures reveal that the Chicago Board of Trade (CBOT) corn futures contract launched this January has been widely adopted by local and international traders and maize producers. Launched in collaboration with the CME Group, the contract gives local agricultural participants a price risk management tool through the exposure to the US corn market.

Over 5200 CBOT contracts have been traded since the launch on the 28th of January 2009. “We’re very pleased with the performance of this contract, which has had great interest from local and international investors resulting in healthy trading figures. We are also happy to add that the May 2009 close-out and cash-settlement process was handled without any hiccups,” comments Rod Gravelet-Blondin, Senior General Manager: Commodities at the JSE. “Current open interest stands at approximately 1500 contracts – representing 150 000 tons of corn.”

A key to the instrument’s success lies in a competitive pricing strategy as well as its accessibility. “It is the most cost-effective way for South Africans to get direct corn exposure – giving local investors an innovative tool to hedge international price risk and the opportunity to better assess patterns in the global maize market,” says Gravelet-Blondin.

Affordability will be enhanced as the JSE plans to cut contract fees to R15.00 per contract to encourage further market participation. The JSE also intends to launch option contracts on the CBOT futures commencing from the December 2009 expiry as an investment alternative. “The success of this first collaboration bodes well for a long and fruitful collaboration with the CME Group” adds Gravelet-Blondin.

The standardised contract size is 100 tons and contracts are traded and settled in Rands. The South African contract mirrors the CBOT corn contract but is cash-settled prior to the US delivery month. There are currently three approved market makers in South Africa.

CME Group (www.cmegroup.com) is the world’s largest and most diverse derivatives exchange.

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