

COMMODITIES MARKET

MOEX promotes commodities trading through two key commodities markets: precious metals and agricultural. Precious metals are traded on the MOEX FX Market platform, while trading in agricultural products is operated by the National Mercantile Exchange (NAMEX), part of Moscow Exchange Group.

On-exchange trading of agricultural products

Currently, there is a full line of exchange instruments (forward and swap contracts) for trading in derivatives on cereals (wheat, barley and corn), grain legumes (soy), oil-bearing crops (sunflower) and sugar.

Agricultural products are traded on the Urozhay Trading and Clearing Platform, which allows for adapting functionality and specifications to industry-accepted trade and logistics standards. The technology provides direct access to trading not only for brokers, but also to partners and end customers. The main advantage of exchange-based trading for the market participants is guaranteed fulfilment of contracts. For every buyer or seller, the Central Counterparty, represented by NCC, acts as a counterparty under the transaction and a guarantor that the transaction will be fulfilled. It also acts as a Commodity Delivery Facility (CDF), maintains the participants' commodity accounts, and keeps records of cash and guaranteed funds.

At the end of 2019, total trading volumes in agricultural products amounted to RUB 38.04 bln, in line with 2018 results of RUB 38.1 bln. On the grain market, trading volumes in swap instruments totaled RUB 35.09 bln (RUB 34.8 bln in 2018), while forward transactions totaled RUB 971.4 mln or 78,800 tons (RUB 1.4 bln or 119,000 tons in 2018). The decrease in trading volumes is explained by the suspension of operations on the agricultural product market in the second half of 2019 due to issues encountered in grain storage at a number of elevators accredited by NCC. Trading volumes on the sugar market in 2019 totaled RUB 3.96 bln (RUB 3.9 bln in 2018).

In 2019, grain sales from the government intervention fund on NAMEX totaled 970,200 tons, or RUB 10.3 bln (2018: 1,025,300 tons, or RUB 9.94 bln). In total since 2002, 32.7 mln tons of grain have been sold under government interventions for a total amount of RUB 190.4 bln, and the total number of trading participants exceeded 9,300 producers, processors and exporters of grain.

RUB 38.04 bln
total trading volumes in agricultural products

Precious Metals Market

MOEX has offered on-exchange trading in precious metals (gold and silver) since 2013. Gold and silver are traded on the FX Market platform using a unified system of margining and risk management. NCC acts as the Central Counterparty and provides clearing and settlement services on the market. Metals are delivered to clearing members' precious metals accounts opened with CCP NCC. Post-trade services include dealing with bullion at NCC's depository, and an option to use precious metals held on market participants' accounts as collateral.

As of the end of 2019, total turnover in spot and swap instruments on the precious metals market was RUB 35.4 bln, down from RUB 102.3 bln in 2018. Spot market volumes totaled RUB 16.1 bln, down from RUB 17.0 bln in 2018.

RUB 35.4 bln
total turnover in spot and swap instruments on the Precious Metals Market

In October, NCC became a clearing member of the Shanghai Gold Exchange (SGE) under a memorandum on cooperation signed between the Bank of Russia and the People's Bank of China. In the future this status will allow Moscow Exchange to open a trading and clearing link with the Shanghai Gold Exchange and gain access to the world's largest gold market, China.

In December 2019, Mnogovershinnoye (a division of Highland Gold Mining Limited Group), became the first gold mining company to conclude a transaction on the precious metals market.

In addition, under the project "Links with foreign liquidity providers", the creation of a trading link for transactions with precious metals was completed. At the end of 2019, clearing participants entered into the first gold transactions via the trade link with the largest liquidity providers in London.

All these innovations are designed to increase liquidity and precious metals trading volumes on the Exchange, diversify sales markets and increase the efficiency of gold transactions for Russian precious metals market participants and their customers.

At the end of 2019, precious metals market participants included the Bank of Russia, 42 commercial banks, 12 brokerage companies and one mining company.

Commodities Market

	2016	2017	2018	2019	Change 2019/2018 (%)
Precious Metals Market trading volumes, RUB billion	125	122	102	35	-65.4
Grain and Sugar Market trading volumes, RUB billion	12	6	50	50	0.7
Grain	12	5	46	46	0.6
Sugar		0.5	4	4	2.3