
Chinese coke futures to begin at Dalian exchange

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It is reported that on the afternoon of Jul 2nd, Mr Zhang Gangfeng the secretary of Shanxi Coking Industry Association and Mr Guo Xiaoli the deputy general manager of Dalian Commodity Exchange signed the agreement, unveiling the cooperation between China's largest coke export base and the world's largest plastic futures market for China's first futures contract of coke.

Have been long-expected in China, coke futures is expected to stabilize people's prediction, discover price as well as avoid risks.

Their cooperation will include spot market and futures market. Shanxi Coking Industry Association is to provide relevant data of spot market and offer assistance in draw-up of futures contract so as to jointly push coke futures to the market with Dalian side. In the meantime, Dalian Commodity Exchange is to provide technical support, staff training and information in order to accelerate the establishment of coke E-commerce.

Mr Zhang Gangfeng said "Coke futures, which we have been longing for years will hopefully go public at the end of the year. This will bring about great opportunities for coke enterprises, independent ones particularly to be strengthened an enlarged, and this will greatly promote the sound development of coke industry. He added that the biggest challenge facing us in the coke market is poor stability, after which comes pernicious prediction."

Mr Li Zhengxi vice chairman of Shanxi Coking Industry Association said, we are supposed to have the speaking right in the coke industry, no matter from the perspective of coke volume or coke quality, but in fact we don't. In the international market we are easily restrained by other countries, who would accuse us of dumping, and then coming out of nowhere they begin to accuse us of limiting exports. "The lack of a futures market is an important reason why we've been so easily bundled in the coke market, so it's our responsibility to build coke trade platform with our characteristics."

Mr Guo Xiaoli said that Dalian Commodity Exchange is considering north China as delivery site for coke trade, for most coke enterprises cluster in this region. Statistics show that Shanxi, Hebei, Tianjin, Shandong and north Jiangsu are the main coke-producing areas in China and in the year 2008, coke production in these regions took up 42% of all. Besides, they are also primary consumption areas of coke in China, for most of China's steel mills are situated in north China.

Owing to the fact that different steel mills require different coke in many cases, there's no one-for-all contract like many other bulk commodities. Dalian Commodity Exchange, after two years' arduous survey and research has initially drawn up a futures contract of coke.

Mr Zhang Yue the chairman of Shanxi coke group said "There's no forever-winner in the market, but there's a lot of things that we need to do to help the market avoid risks."

(Sourced from MySteel.net)

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