
SHFE to launch steel futures on March 27th 2009

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It is reported that SHFE published on March 23rd that the launch would start on March 27th after China Securities Regulatory Commission approved the launch of rebar and wire rod futures contract on Shanghai Futures Exchange on March 19th 2009.

The lowest margin would be 8% of the contract value, but not 7% that was set when the Exchange made the comprehensive research. The mock trading started on March 18th and will end on March 24th.

SHFE began relative research early in 2001 and filed application for the listing of steel futures in 2005. After that, SHFE established a workgroup to do research on steel futures, especially on futures contracts of rebar and futures.

Steel futures will help both steel plants and trading companies to hedge risks. At present, steel plants constitute ex-work prices in spot market. The situation will be broken to a certain extent after the listing of steel futures.

Insiders expected that most medium and small-sized traders would enter the futures market. And steel futures is hoped to be the variety with the largest transaction volume.

The contract month for rebar and wire rod will be September 2009 to March 2010. The quotations will be published on March 23rd. Besides, limit up or down will not exceed 10% of the quotations. The trade procedure fee for rebar and wire rod futures contract is set at 1/10000 temporarily. The Exchange will not levy any procedure fee on a customer who liquidates the open positions in the same transaction day. As for transactions of futures contracts in six months, the trade procedure fee will be the half of the standard one.

(Sourced from.Mysteel.net)

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