
COMMODITIES MARKETS

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

Since 2015, MOEX has promoted regulated commodities market trading in agricultural products (deliverable forward contracts for grain). 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. Soy and sunflower trading commenced in 2018.

Agricultural products are traded on the Urozhai trading and clearing platform, which enables functionality and specifications to be adapted to industry trade and logistics standards, and allows swift launching of trade with a wide range of underlying assets. The technology provides direct market access for brokers, as well as partners and end clients.

The main advantages of exchange-based trading are transparent pricing and guaranteed fulfillment of awarded 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) and grain keeper, maintains the participants' commodity accounts, and keeps records of cash and guaranteed funds.

As of the end of 2018, total trading volumes in agricultural products increased by seven times year-on-year and reached RUB 38.1 bln. On the grain market, trading volumes in swap instruments increased by seven times and amounted to RUB 34.8 bln, while the forward transactions increased by 24 times and amounted to RUB 1.4 bln (119,000 tons). Since the beginning of operations in May 2018, trading volumes in soy reached RUB 2.3 bln on one accredited base. By the end of 2018, 12 accredited elevators were offered for use in soy trading. In 2018, the sugar market increased by more than eight times and reached RUB 1.9 bln (58,200 tons). As of the end of 2018, 12 brokers, five agricultural holdings and over 280 clients (twice as many as in 2017) traded on the market.

Partners of MOEX's agricultural commodity trading program include Russia's largest agricultural holdings, processing firms, grain traders and exporters. In 2018, 13 grain elevators and 11 sugar storage facilities were accredited. At the end of 2018, the delivery bases included 56 elevators and 20 sugar storage facilities in three federal districts of Russia.

In 2018, NAMEX was again recognized as the winner in an open tender among exchanges for government procurement and commodity interventions. In 2018, the sales volumes from the government intervention fund reached 1,025,300 tons of grain and amounted of RUB 9.94 bln. In total, since 2002, 31.7 mln tons of grain were sold totaling RUB 180.1 bln by way of government interventions, and the total number of trading participants reached over 9,000 producers.

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 metal accounts opened with CCP NCC. Post-trade services include dealing with bullion at NCC's depository in Moscow, and an option to use precious metals held on members' accounts with correspondent banks in London and Zurich as collateral.

As of the end of 2018, MOEX total turnover in spot and swap instruments on the precious metals market amounted to RUB 102.3 bln (compared to RUB 121.9 bln in 2017). The spot market also increased by four times year-on-year and reached RUB 17.0 bln.

Forty-five banks, including the Bank of Russia, and 13 brokerage firms now trade on the market.

	2016	2017	2018	Change 2018/2017
Precious Metals Market trading volumes, RUB billion	124.9	121.9	102.3	-16.1%
Grain and Sugar Market trading volumes, RUB billion	12.5	5.7	50.0	771.9%
Grain	12.5	5.3	46.1	773.7%
Sugar		0.5	3.9	751.5%