

FX futures manage volatility and provide exposure to commodity economies

Dubai, June 9, 2010: FX futures, such as the Australian and Canadian Dollar serve as a good proxy for exposure to a range of commodities, given the strong correlation, said John Anderson, Acting Head, School of Finance & Banking, The British University, at a seminar organised by the Dubai Gold & Commodities Exchange (DGCX).

John Anderson was addressing members, institutions and private investors at the seminar, held as a prelude to the upcoming launch of DGCX's new currency futures contracts. Speaking on '*FX Futures Trading Techniques & Strategies*', Anderson said that an Australian Dollar futures product, allows participants to not only tap into trends in commodities, but as with other FX futures, also gain exposure to world economies and interest rates.

Citing examples, Anderson said the Australian Dollar and the Canadian Dollar often move closely with world commodity prices, given the strong focus on export of commodities by these economies.

The new DGCX currency contracts – Australian Dollar/US Dollar, Canadian Dollar/US Dollar and Swiss Franc/US Dollar – will go live on June 15, 2010 marking a significant expansion of the exchange's currency portfolio. DGCX currently offers Euro/US Dollar, Sterling/US Dollar, Yen/US Dollar and Indian Rupee/US Dollar futures contracts. Year to date currency volume on DGCX has increased by 132%.

Speaking on the occasion, Eric Hasham, Chief Executive Officer, DGCX, said, "The aim of the new FX futures contracts is to build on the on the success of the existing currency portfolio and meet the growing demand from market participants. DGCX will be the only futures Exchange outside of the US and Europe to offer the six most liquid currency futures pairs."

Elaborating further on the benefits, Anderson said, “The new currency products, together with the existing FX contracts, offer market participants a number of possibilities for hedging and investment.”

Stressing on the need to hedge, he said, “While engaging in export/import it is vital to protect the value of FX exposures and control cash flows. Essentially, hedging FX risk enables a participant to quote firm contract prices, and lock in profit margins, in addition to removing risk via a regulated exchange and clearing house such as DGCX. This helps negotiate better prices with suppliers and customers,” he added.

Ends

About DGCX: Established in 2005, DGCX is the region’s first derivatives exchange and the only one allowing participants to clear and settle transactions within the region. The Exchange has played a pioneering role in developing the regional market for derivatives. DGCX is a Dubai Multi Commodities Centre (Dubai Government) initiative in partnership with Financial Technologies (India) Limited and Multi Commodity Exchange of India Limited (MCX). It is an electronic commodity and currency derivatives exchange with 230 members from across the globe, offering futures and options contracts covering the precious metals, energy and currency sectors. For more information: www.dgcx.ae

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