

## DGCX Steel Rebar Futures Contract Set to Trade on October 29; New Producers Approved

- *Turkey's Kromen & Emirates Iron and Steel, the single largest rebar supplier to UAE, approved as Producers*
- *DGCX Steel Rebar futures price set to evolve as benchmark for regional rebar and price-correlated steels*

**Dubai, October 28, 2007:** Marking a milestone in the region's metal trade, Dubai Gold & Commodity Exchange (DGCX), the Middle East's first derivatives exchange, said its much-awaited DGCX Steel Rebar Futures Contract will commence trading on October 29.

As the world's 1st internationally accessible exchange-traded instrument, the contract provides coverage of physical steel. The launch comes with a fresh series of approvals for Steel Producers, thereby expanding the list of approved producers. The new Approved Steel Producers – Turkey's Kromen, and UAE's Emirates Iron and Steel - join the list of global names approved earlier. Emirates Iron and Steel is the single largest rebar supplier to the UAE, accounting for about 20% of the market supply at current rates.

A pioneering initiative, the contract provides the region's steel community with a cost-effective tool to hedge away risk arising from extremely volatile prices. In addition, it offers an alternate and attractive avenue for investors with exposure to either steel equities or the physical market.

Commenting on the launch, Colin Griffith, Chairman, DGCX, said, "The Steel Rebar Futures Contract reaffirms DGCX's innovative approach to designing products that serve the dynamic needs of investors. The contract, open to all international companies and investors, will lead to best price discovery for

Dubai rebar, which is of key relevance to the EurAsian long product steel market. The initiative not only widens DGCX's portfolio of offerings, but is also reflective of our commitment to the growth of derivatives in the region."

The approvals for steel producers helps cut ambiguity pertaining to product features, providing buyers and sellers with definite specifications of qualities traded and delivered. The Producers approved so far include Turkey's Izmir Demir Celik Sanayi AS, Ekinciler Iron & Steelworks Inc. and Diler Iron and Steel Co Inc., Al Tuwairqi Group (Al Ittefaq Steel Products), Saudi Arabia's Sabc Steel (Hadeed) and Qatar Steel Company.

In preparation for the launch, DGCX systematically rolled out road shows, investor seminars, personal and web-based tutorials and 'learning by doing' mock trading sessions over the past few months to familiarize market participants with the Contract.

Explaining the contract's significance, John Short, Executive Director, Steel and Base Metals, Dubai Multi Commodities Centre (DMCC), said, "Currently, almost all steel is bought in the physical forwards market. Given that a bulk of the steel in the region is either imported or locally produced from imported semi-finished steels, most of it, at some point in the supply chain, is bought based on forward prices. The new DGCX futures price for Dubai rebar will not only factor in the market's views on these forward prices, but also serve as a ready reference for spot prices."

Short added that the DGCX Steel Rebar futures price is set to evolve as the benchmark for prices of regional rebar as well as other price-correlated steels. Reason being, Dubai is the single largest import market, both for rebar as well as billet, used for producing rebar.

Not only that, the DGCX Dubai rebar price will be one of the key prices to the global steel community. This is because Dubai sits at the crossroads of the world's two most important steel trade flows – eastwards from the Black Sea and westwards from China – which accounts for two thirds of the international long product market.

Lately, prices of rebar and price correlated steel, accounting for 80% of all steel consumed, have seen unusually high volatility, spurred by rising costs of inputs, natural gas prices and ocean freight, not to mention currency and demand supply fluctuations. This has impacted cash flows and profitability of key user industries such as construction and oil & gas.

The consumption of rebar in the GCC alone in 2006 was a massive 12 million mt and is expected to grow by 9 per cent per annum for 2005-2010 as against the global growth of 3 per cent. Despite growth in production, the region is estimated to import around 10 mmtpa next decade.

**About DGCX:** Dubai Gold and Commodities Exchange (DGCX) is a fully automated, online commodities exchange. Strategically located in Dubai, the exchange is the first international commodities derivatives marketplace in the time zone between Europe and the Far East.

DGCX is an initiative of the Dubai Multi Commodities Centre (DMCC), Government of Dubai, the majority shareholder, in partnership with Financial Technologies (India) Limited and Multi Commodity Exchange of India Limited (MCX).