

News Update

- INE Lowers Margin Requirement
- Liquidity Update

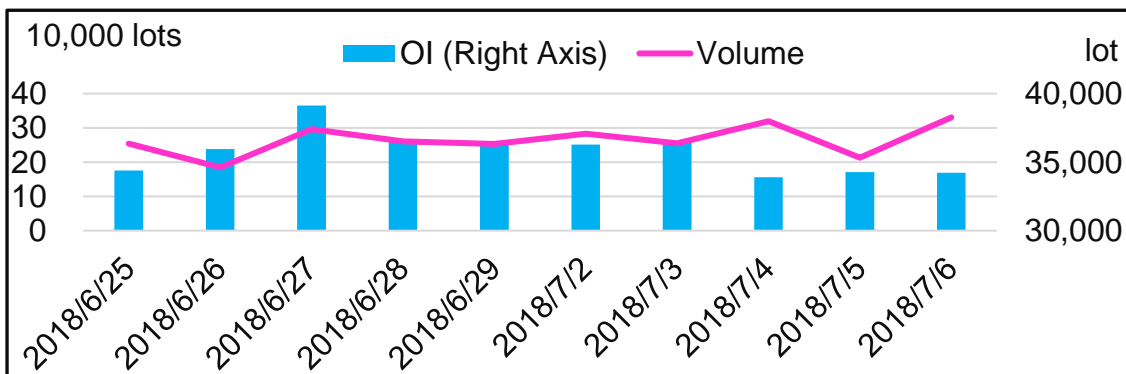
INE Lowers Margin Requirement for October and November Crude Contracts

- INE (Shanghai International Energy Exchange) announced last night that beginning from the close of trade on July 11:
 - Margin requirement for SC1810 (2018 October Crude futures contract) will be adjusted from 7% to 5.5%; and
 - Margin requirement for SC1811 (2018 November Crude futures contract) will be adjusted from 7% to 6%; and
 - Margin requirement will revert back to 7% if position of more than 30,000 lots (either buy or sell) is held after close of trade

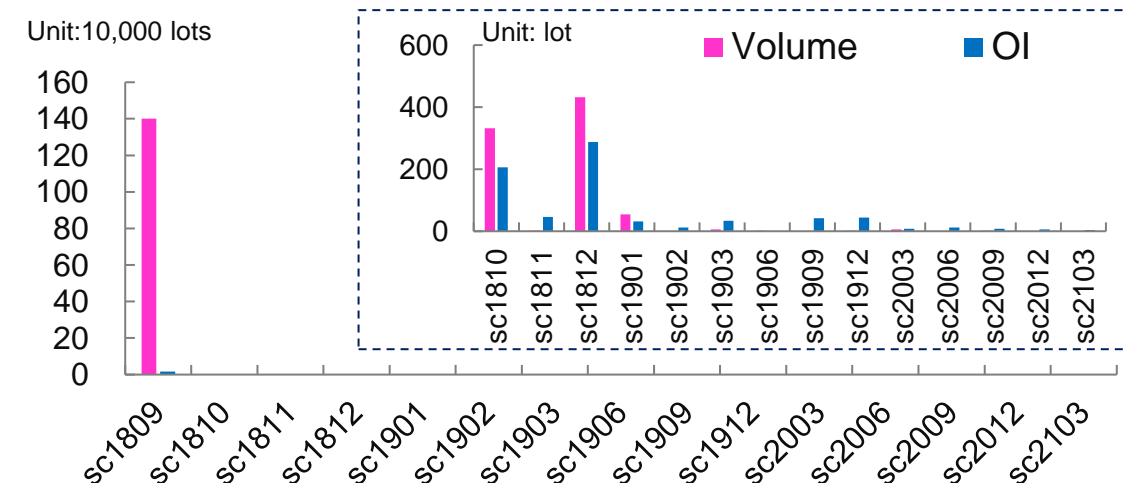
INE Crude Liquidity Update

- Following the fee reduction announcement on July 4, INE is again relaxing the trading requirement for the illiquid October and November Crude contracts. Volume for both contracts remains very low so far
- For traders who wish to roll their position, the last trade day of the September contract for non-physical-delivery traders will be 8/21. Currently the daily OI is still 30k+ lots
- As shown by the charts below, the overall volume has somewhat increased since the fee reduction announcement on 7/4, to over 300k lots (buy + sell) in some days, but virtually all the volume still occurs in the September contract
- We shall continue to closely monitor the trading volume change and see how the delivery market works out in the coming few weeks

Daily Volume and OI (All Contract Months Combined) for Last Week



Weekly Volume and OI (by Contract Month) for Last Week



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