

Market Update

- OI and Volume for December Contract Pick Up
- Traders are rolling the September contracts into December
- Major crude importers in China may not yet hedge in the INE market

OI for December Contract Surpasses September for the first time

- 🚀 OI for December contract now stands at around 28k, surpassing for the first time OI for September contract of around 13k, indicating traders are rolling the September contracts into December
- 🚀 Trading volume for December contract picked up as well, trading around 53k so far today
- 🚀 Bid/ask spread for December has also improved to between 1 and 3 ticks (0.1 to 0.3), depending on the time of the day. September contract bid/ask is just 1 tick
- 🚀 Volume and OI for all the months other than September and December remain very low
- 🚀 Volume and OI for all the months combined so far today are around 215k and 43k respectively
- 🚀 For traders who wish to roll their position from September to December, the last trade day allowed will be 8/21. The September contract expires on 8/31
- 🚀 For all the active months since T+1 session yesterday until around 10:00am this morning:

Contract	Price (RMB)	Volume (lots, both sides)	OI (lots)
SC1809	518.4	160,810	13,034
SC1810	511.0	90	810
SC1811	510.3	26	60
SC1812	510.4	53,282	27,846
SC1901	511.9	8	114
SC1902	-	0	12
SC1903	514.4	8	126
SC1904	-	0	0
SC1905	-	0	0
SC1906	509.0	36	384
Total		215,220	42,556

Some Observations...

- 🚀 The INE Crude curve appears to be backwardated, although the curve is uneven due to many contract months being inactively traded
- 🚀 The OI has noticeably increased in the last few days, possibly due to a number of traders preparing for the delivery
- 🚀 However, OI for INE Crude is still very low compared to international standards. And if we consider China's crude oil consumption of over 12 million barrels a day, of which around 9 million is imported, that would be equivalent to roughly 270k of INE crude oil contracts per month just for imports. With the current OI of 40k+, we can see that major crude importers in China may not yet hedge their exposure in the INE market

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