

ASIA PACIFIC
PRECIOUS METALS
CONFERENCE

4-6 JUNE 2017, GRAND COPHTHORNE, SINGAPORE

TFEX Gold Futures

Role in providing an access to a hedging tool for the investors
and gold trade

Rinjai Chakornpipat
Thailand Futures Exchange



- Gold Trading Landscape in Thailand
- TFEX Gold Futures
- Upcoming development

www.asia-pacific-precious-metals.com

- Gold Trading Landscape in Thailand
- TFEX Gold Futures
- Upcoming development

www.asiapacificpreciousmetals.com

Gold as a wealth indicator for Thai

- Perceived as low risk asset, suitable for saving
- High liquidity asset that can be exchanged for cash at any 7,500 gold shops around the country
- Trade in local unit and purity

Weight : 1 Baht Gold = 0.49 toz. or 15.244 g.

Purity: 96.5%

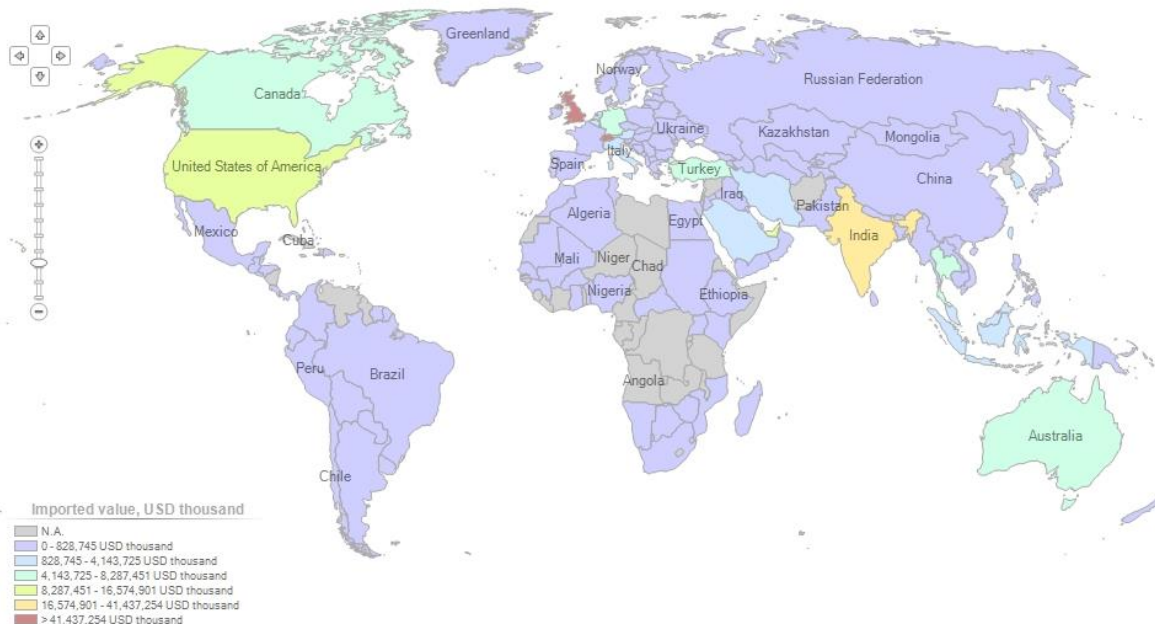
- Price as indicated by Gold Trader Association which usually change twice daily



Thailand is among the top 10 gold importers

List of importers for the selected product in 2016

Product : 7108 Gold, incl. gold plated with platinum, unwrought or not further worked than semi-manufactured or in powder form



	Importers	Import Value in 2016 (Billion USD)	% of World Import Value
1.	Switzerland	82.9	30%
2.	UK	58.0	21%
3.	Hong Kong	29.5	11%
4.	India	22.9	8%
5.	USA	16.5	6%
6.	UAE	11.6	4%
7.	Turkey	6.5	2%
8.	Thailand	5.9	2%
9.	Canada	5.6	2%
10.	Germany	5.5	2%

Source: <http://www.trademap.org>

- Gold Trading Landscape in Thailand
- TFEX Gold Futures
- Upcoming development

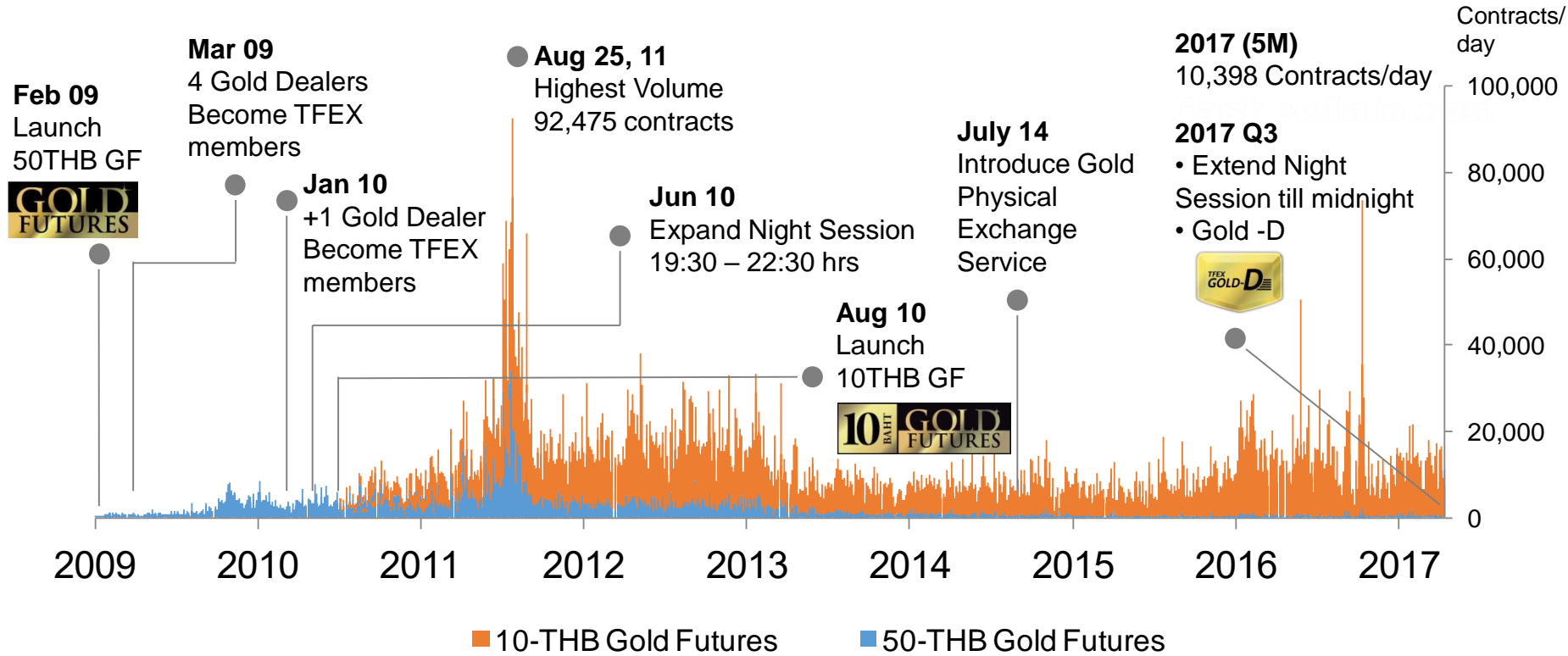
www.asiapacificpreciousmetals.com

Top 10 Gold Futures Trading in Asia (2016)

Rank	Exchange	Volume
1	Shanghai Futures Exchange	34,759,523
2	Tokyo Commodity Exchange	13,596,195
3	Multi Commodity Exchange of India	13,095,302
4	Borsa Istanbul	4,779,214
5	Thailand Futures Exchange	2,903,950
6	Pakistan Mercantile Exchange	1,669,372
7	Dubai Gold & Commodities Exchange	733,821
8	Indonesia Commodity & Derivatives Exchange	162,318
9	Taiwan Futures Exchange	111,875
10	National Commodity&Derivatives Exchange	16,737

Source: FIA

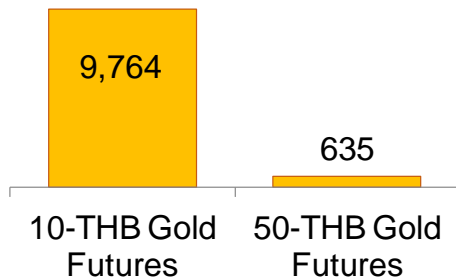
Development of Gold Futures in Thailand



TFEX Gold Futures



Volume/day in 2017 (5M)
(Contract)



- **Underlying asset:** Gold bullion with purity **96.5%**

- **Contract Size:**



152.44 grams

762.20 grams

(~ USD 29,000)

(~ USD 5,800)

- **Settlement Method:** **Cash** Settlement

- **Contract Month:** 3 nearest even months

- **Final Settlement Price:**

LBMA
Gold AM Fixing

x

Weight adj.
15.244 / 31.1035

x

Purity adj.
0.965 / 0.995

Remark

1 Baht Gold = 0.49 Troy Ounces or 15.244 grams

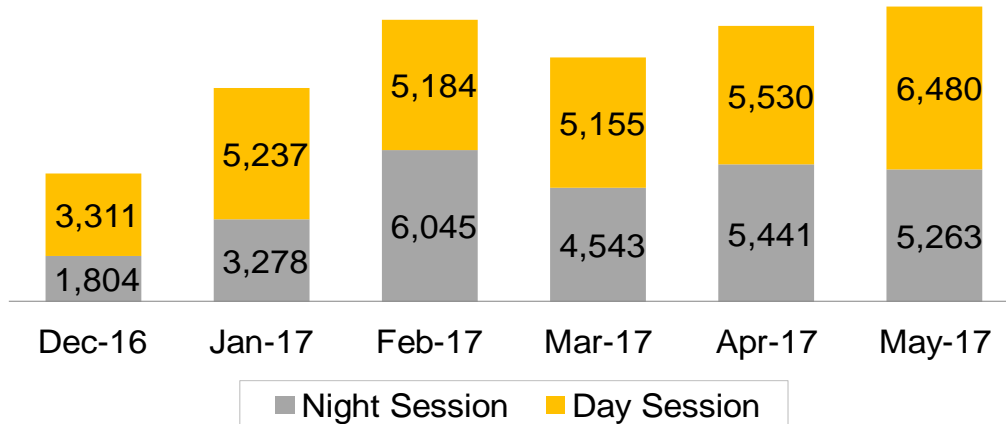
4-6 JUNE 2017

9

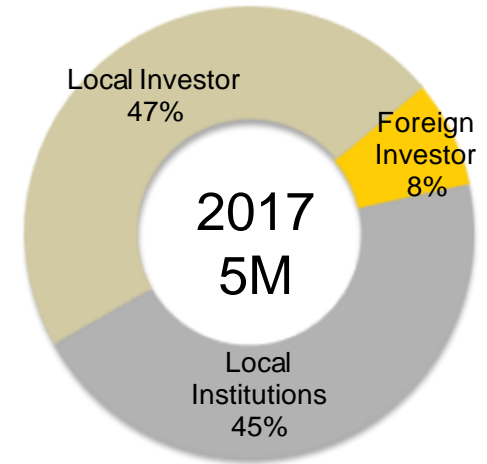
Trading Statistics

- Total trading of Gold Futures in 2017 is 10,398 Contracts/day (as of May)
- Majority of investors are local investors and domestic institutions
- 46% of trading occurs during night session (19:30 – 22:30 hrs.)

Daily Average Volume (Contract/day)

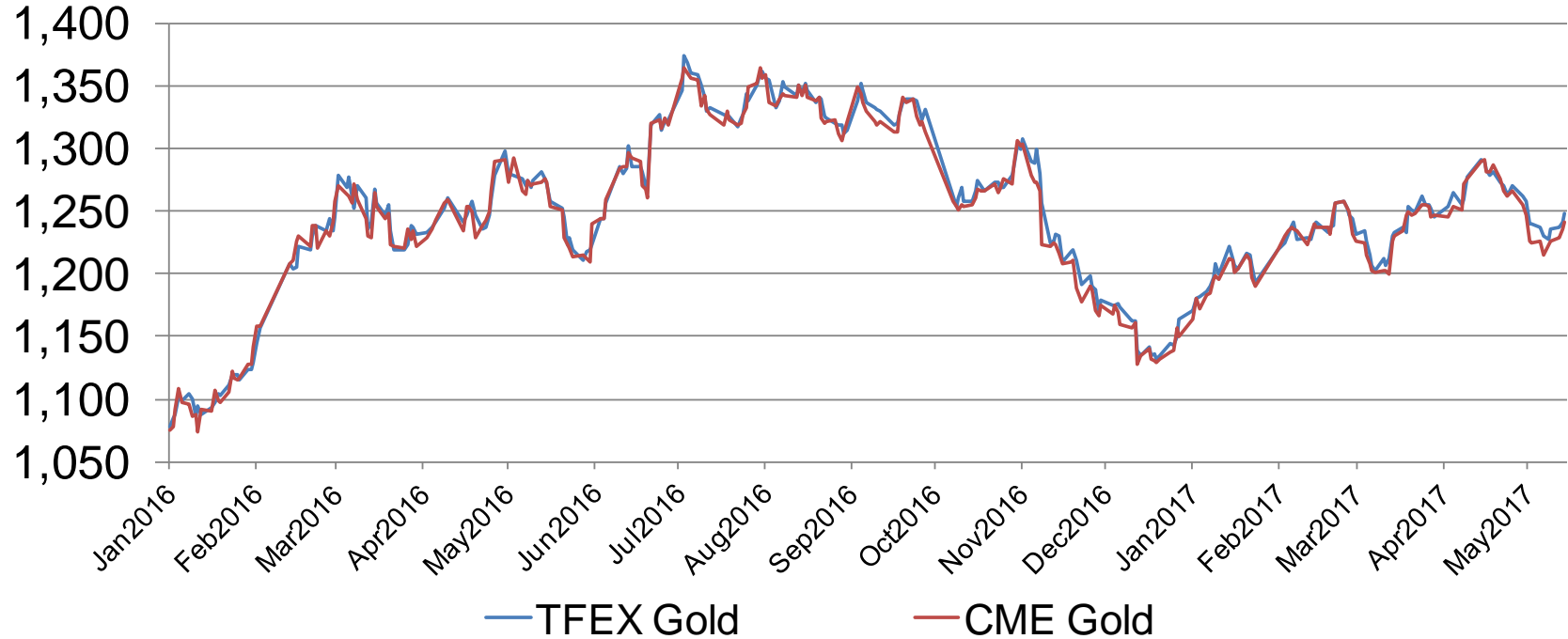


Investor Type



Arbitrage opportunity with global gold price

USD / tOz



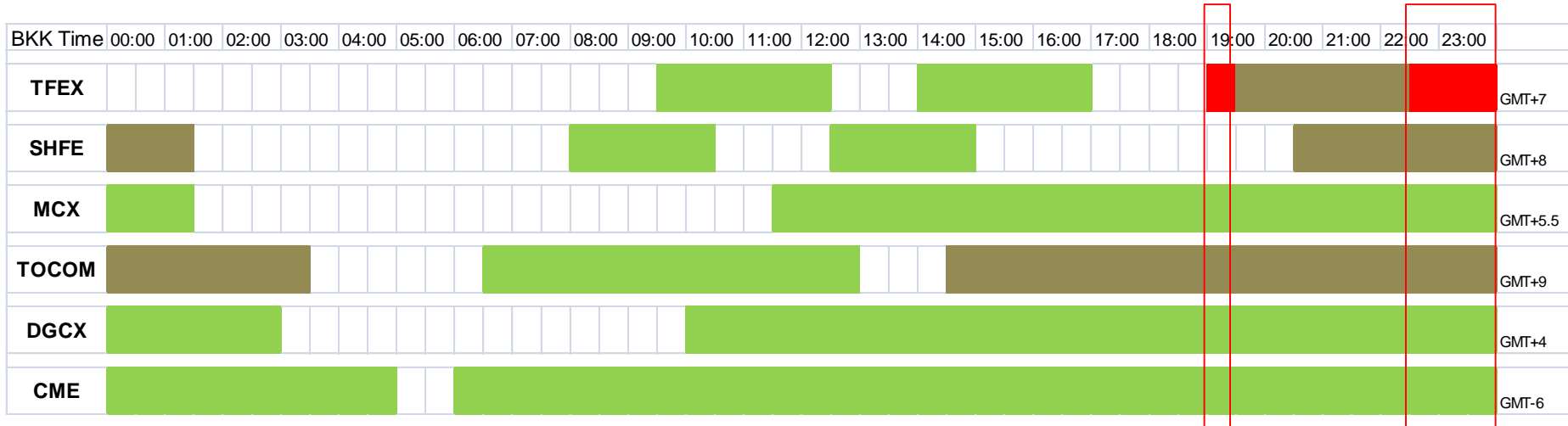
Source: Thomson Reuters

- Gold Trading Landscape in Thailand
- TFEX Gold Futures
- Upcoming development

www.asiapacificpreciousmetals.com

Extending Night Session

- In Q3/2017, TFEX will expand the night session trading hours for Gold Futures from 7:30 pm – 10:30 pm to 7:00 pm – 23:55 pm. in order to increase overlap trading time with other major exchanges.



TFEX Gold-D: a deferrable physical delivery contract

Coming Soon



Underlying asset: Gold bullion with purity **99.99%**

Contract Size: **100 Grams** (3.2148 Troy Ounce)

Delivery Unit: **1,000 Grams** or 10 Contracts

Eligible Asset to Delivery: 1 Kilobar of **LBMA** bar

Contract Month: 1 quarterly month

Storage: Secure gold vault as assigned by exchange

The vault charge very low storage fee at only THB 1 /k.g./day.
(approx $\approx 0.018\%$ per year)

Trading price: **USD/Oz.**

Tick size: **0.1 USD/Oz.**
(approx 0.32 USD/Tick)

Precious Metal Product in TFEX

	Gold Futures		Gold-D (Deferred Spot)
	10-THB	50-THB	
Purity	96.5%		99.9%
Contract Size	10 Thai Gold Baht (152.44 grams)	50 Thai Gold Baht (762.20 grams)	100 grams
Trading Price	THB		USD
Tick Size	10		0.1
Contract Months	3 nearest even months		1 nearest quarterly month
Settlement Method	Cash Settlement		Physical Delivery
Delivery Unit	NA	NA	1000 grams
Appx. notional value (USD)	5,800	29,000	40,000
Volume per day (Contracts)	9,368	673	coming soon

Thank you