

Commodities Market

Moscow Exchange Group has created a marketplace to trade deliverable commodities in two asset categories: precious metals and agricultural products. Precious metals are traded on the MOEX FX Market platform, while trading in agricultural products is operated by the National Mercantile Exchange, a part of Moscow Exchange Group. Authorised by the Ministry of Agriculture, the National Mercantile Exchange has been involved in government commodity and procurement interventions in the grain market since 2002.

On-exchange Agricultural Product Trading

Agricultural products (grain and sugar) are traded on the Urozhai trading and clearing platform, which enables functionality and specifications to be adapted to industry trade and logistics standards, and allows the swift launch of trade with a wide range of underlying assets. The technology allows direct market access for brokers as well as partners and end clients.

Grain trading was launched on the Exchange in December 2015. Initially it included deliverable forward contracts with wheat as the underlying asset, with barley and corn being added in 2016.

In March 2017, the Exchange launched sugar trading to allow producers to hedge against price risks and plan their operations more effectively, and to improve pricing transparency on the Russian sugar market. At the same time, the Exchange introduced a full range of functions: deliverable wheat forwards were complemented by sugar forwards and wheat swaps to open opportunities for trading members and their clients to borrow against commodities in stock.

In 2017, wheat swaps turnover amounted to RUB 5.2 bn, wheat forwards turnover reached 8 500 t (RUB 55 mn) and sugar forwards stood at 8 500 t (RUB 227 mn). At the end of 2017, nine brokers, five agricultural holdings and more than 130 clients traded on the market.

Partners of the Exchange's agricultural commodity trading program include Russia's largest agricultural holdings, processing firms, wheat traders and exporters. By the end of 2017, the number of delivery bases, i.e. storehouses accredited by CCP NCC, was 43 elevators (wheat, corn and barley) and nine sugar storage facilities in three federal districts.

In Q4 2017, the Federal Antimonopoly Service's Exchange Committee formed an agrarian subcommittee to develop the agrarian sector of on-exchange commodities market.

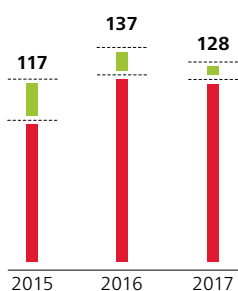
Precious Metals Market

The Exchange has offered trading in deliverable instruments on gold and silver since October 2013. Gold and silver are traded on the FX Market platform using a unified system of margining and risk management. CCP NCC acts as the central counterparty and provides clearing and settlement services on the market. Metals are delivered to clearing members' precious metal accounts opened with CCP NCC. Post-trade services include dealing with bullion at NCC's depository in Moscow and an option to use precious metals held in members' accounts with correspondent banks in London and Zurich as collateral.

In 2017, MOEX's total turnover in spot and swap instruments on precious metals was RUB 121.9 bn (RUB 125.0 bn in 2016).

Since November 2017, the Bank of Russia actively bought gold on the Exchange alongside its usual purchases of the metal on the OTC market. 49 banks including the Bank of Russia and 13 brokerage firms now trade on the market.

Trading Volumes



Commodities market trading volumes, RUB billion

	2015	2016	2017	Δ 2017/2016
Total	117	137	128	-7.1%
► Precious metals	94	125	122	-2.4%
► Grain and sugar	22	12	6	-54.1%