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The Fundamentals of Futures Trading on DGCX



Dubai Gold & Commodities Exchange
Emaar Business Park, Building No. 2,
Level 1, Sheikh Zayed Road
PO Box 37736, Dubai, UAE
Tel: 971 4 36116 16
Fax: 971 4 36116 17
E-mail: info@dgcx.ae



DGCX

بورصة دبي للذهب والسلع
DUBAI GOLD & COMMODITIES EXCHANGE



The Origin of Derivatives

Modern trading in physical commodities takes its origins from markets established in the 1800's. The primary function of these markets was to exchange a commodity, for delivery/receipt at a particular time. The role of the market was to facilitate the delivery by the seller and the receipt by the buyer of the commodity being traded.

The past 200 years have seen a significant evolution in the markets of physical commodities (for example metals, crude oil, agricultural products) and soft commodities (for example cocoa, coffee and sugar). Gradually, as trade in these commodities expanded and price volatility increased, there was a requirement among producers and consumers for a market which could provide more sophisticated price risk management tools.

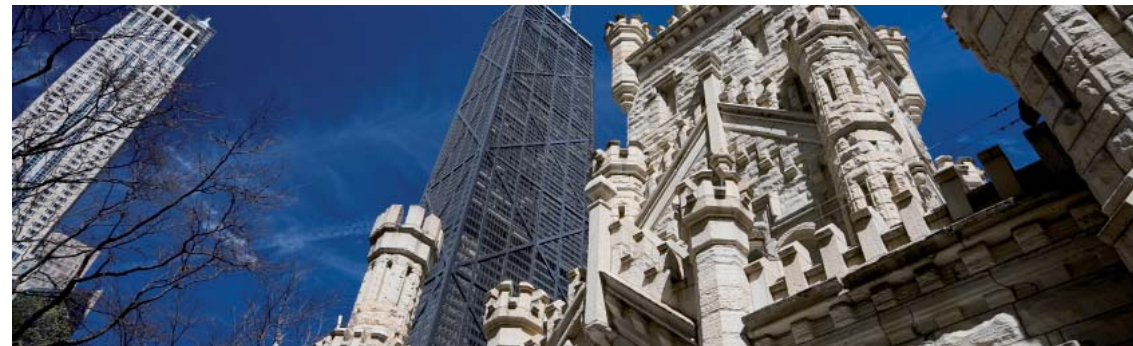
As a result, physical contracts for forward delivery evolved into price risk management instruments known as futures contracts. These were made available to trade on centralised markets known as derivatives exchanges. Derivatives exchanges provide markets for trading futures and options contracts, providing all parties from producers to consumers with a method of immediate price discovery, price protection and the transfer of risk of volatile commodity markets.

The first derivatives exchange was the Chicago Board of Trade, established over 150 years ago, providing futures trading in grains. In the early 20th century, derivatives exchanges were

established in London and Amsterdam, in particular for futures contracts in soft commodities such as cocoa, coffee and rubber. Today, derivatives exchanges have been established all across the globe offering all kinds of futures and options contracts.

The use of futures contracts by commodity market participants is not a new phenomenon - the longevity of futures contracts and their increased use across the world confirms the vital role of the centralised commodity derivatives market place for producers, refiners, jewellery makers to end-users/consumers.

Until the late 1970s, commodity futures contracts were the only derivatives products available. Today, financial futures contracts such as bonds, interest rates and equities are traded on exchanges around the world.





The Dubai Gold & Commodities Exchange

The Dubai Gold & Commodities Exchange (DGCX) commenced trading in November 2005 as the Middle East's first commodity derivatives exchange and has become today, the leading derivatives exchange in the region.

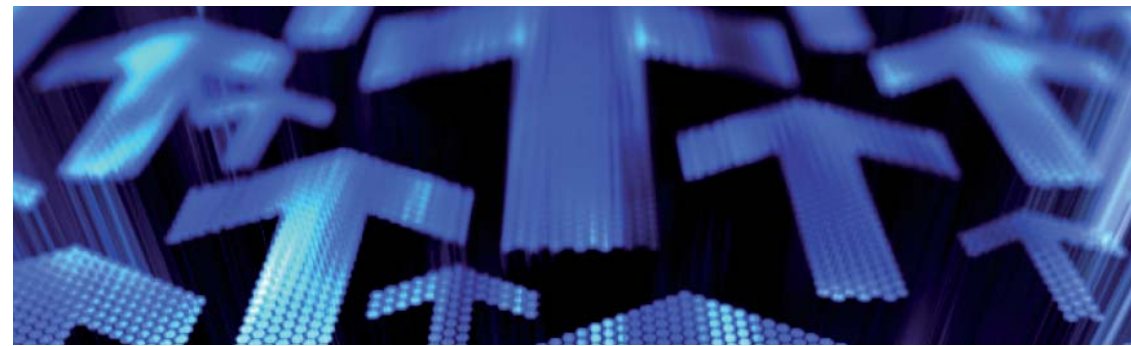
Dubai enjoys an ideal location between the time zones of Europe and the Far East. As an international derivatives exchange, DGCX offers a range of products from the precious metal, base metal, energy and currency sectors, to participants in the UAE as well as other parts of the world.

Our goal is to ensure that DGCX is the 'market of choice' in the region, by listening to the needs of both existing and new market participants to provide the contracts that they wish to trade.

Our range of futures contracts offers participants of the physical commodities markets, such as producers, manufacturers and end users, with a transparent means of hedging their price risk exposure. Such price risk management has previously been unavailable to producers in the Middle East. In addition, DGCX provides trading opportunities to financial communities and investment houses around the globe who wish to access the growing asset classes of commodity and currency derivatives.

Benefits specific to DGCX include:

- Range of global commodities and currencies benchmarks on one platform
- Guaranteed settlement and reduced counterparty risk provided by Dubai Commodities Clearing Corporation (DCCC), a subsidiary of DGCX
- The advantage of transacting and clearing business within the UAE and thus the local taxation and regulatory regimes
- An opening to both regional and international liquidity pools
- A simple fee structure - one fee for all participants. All participants also pay the same margin, whether commercial or non-commercial entities
- Uninterrupted trading hours from 8:30am – 11:30pm (GMT +4)
- Regulated by the Emirates Securities & Commodities Authority (SCA)
- Robust risk management and surveillance systems





What is a Futures contract?

A futures contract is an agreement (contract) to buy or sell an underlying asset on an agreed future date and for a price fixed in advance.

The underlying asset of a futures contract can be a commodity, foreign currency, equity, interest rate, real estate or any other asset class and the contracts are traded exclusively on exchanges, with standardised contract specifications and in a regulated environment.

Buying or selling a futures contract is not a physical transaction. The contract allows you to buy or sell the underlying physical product at a later date in the future. The value of the futures contract can rise or fall and is bought and sold on DGCX.

Buyers & Sellers

The seller is obliged to provide future delivery or settlement and the buyer is obliged to take delivery or settlement of a fixed amount of commodity, at a predetermined price and specified location.

Margins & Payments

At the time when the futures contract is agreed, the price of the commodity is determined but not paid or received in full because delivery or settlement takes place at an agreed point in the future.

However, an initial margin has to be deposited with the bank or broker by both the buyer and seller. This margin serves as a “deposit” to ensure that both parties can fulfil the obligations of the contract. Note that margin amounts can change as and when the futures price moves.

Physical Delivery or Cash Settlement

Futures contracts can be cash settled or require physical delivery of the underlying product. A

cash settled contract would require the cash amount to be paid on the settlement day, reflecting the difference between the initial futures price and the price of the underlying product or the quoted settlement price.

Benefits of Futures Contracts

- Gearing – which means that you have exposure to price movement in the underlying commodity or currency but only need to put up the initial margin payment (deposit) for futures trading rather than paying in full for the underlying product
- You can go “short” which means that you can profit when the market falls by selling futures contracts
- Futures allow the seller to plan ahead and manage their budget efficiently by fixing the price and their income now
- Buyers have the advantage of fixing their purchase price now whilst guaranteeing delivery of the required commodity at a future date
- With futures contracts, you can buy or sell the underlying commodity without ever having to take or make delivery of the physical product





Futures contracts have standard delivery dates, trading units, delivery months, trading days and times and overall terms and conditions. An example of a futures contract specification and the associated definitions are as follows:

Definitions	
Symbol	Each contract is given a trading symbol e.g. DG in the case of the DGCX gold futures contract
Contract size	The quantity of the product for each contract bought or sold
Quality specification	The required quality and standard of the underlying physical product
Delivery months	A futures contract has months when delivery occurs. Delivery months are those which are listed for trading and the months in which delivery takes place
Last trading day	The last day in which trading is permitted for a specific delivery month
New contract listing	The day on which a new contract (delivery month) is listed
Price quote	The currency and quantity in which each contract is quoted
Minimum price movement (tick size)	The tick size is the minimum price movement (in US\$) allowed for the contract. So a "tick" represents the smallest amount that a price can change.
Maximum order size	The maximum number of contracts which can be traded at one time
Trading days and hours	The days and hours for which you can trade the contract on a business day

Gold Futures Contract Specification Example

Trading	
Symbol	DG
Contract Size	32 troy ounces (1 kg)
Quality Specification	0.995 purity, as per Dubai good delivery standard
Delivery Months	February, April, June, August, October and December
Last Trading Day	Business day immediately preceding sixth delivery day of delivery month
New Contract Listing	The day on which a new contract (delivery month) is listed
Price Quote	US\$ and cents per troy ounce
Tick Size	US\$ 0.10 (US\$ 3.2 per contract)
Max Order Size	200 contracts
Trading Days	Monday through to Friday
Trading Hours	08:30 - 23:30 Hours Dubai time (GMT+4)
Wholesale Trades	EFS, EFP, Block trade facilities available
Margins	
Initial Margin based on SPAN	Subject to change
Calendar Spread Margin	100% benefit is offered on calendar spread positions.
Extra Margin	At times of high volatility, an extra margin, as deemed fit by the Exchange, may be charged.
Delivery Period Margin	Five times the Initial Margin
Delivery related information	
Delivery Unit	1 Kg (31.99 troy ounces)
Deliverable Weight	1 Kilogram cast in one bar
Deliverable Quality	0.995 fineness
Approved CMI / Assayers Names	as listed on the DGCX website
Approved Refiners Names	as listed on the DGCX website
Approved Vaults Names	as listed on the DGCX website
Delivery Period	First through to sixth business day of the delivery month
First Notice Day	Business day immediately preceding first delivery day
Last Notice Day	Business day immediately preceding sixth delivery day
Delivery Process	Compulsory delivery as allocated by the Exchange on a random basis
Vault charges	Rates applicable as published on the DGCX website
Delivery Instrument	Dubai Gold Receipt (i.e. Standard DGR along with validated Refiners certificate or CMI-Certified DGR only)



What determines Futures Prices?

The price of a futures contract is determined in the same way as it is in the spot physical market for commodities. Buyers and sellers exchange the physical product at a value which both sides feel reflects the supply and demand situation with which they are faced at that particular time. The exchange does not 'set the price' at which the futures contract trades.

In the case of a futures contract such as DGCX's gold and crude oil contracts, market participants (such as producers, refiners, merchants and traders) wishing to buy or sell futures submit, through their exchange member, orders to 'buy' or 'sell' a specific amount of futures contract at a specific price. When the values of 'buy' and 'sell' orders are identical, they are subsequently matched by the trading platform – the value at which the futures contracts are matched becomes the latest 'price'.

The 'price' for the futures contract is a true reflection of what market participants, (buyers and sellers), believe is the best reflection of the future value of the underlying product.

Naturally, as in the physical market, this 'latest price' can move up or down over time due to many reasons and in response to changes that are occurring in the supply and demand fundamentals of the underlying product.

Transparent market prices and anonymity

The buying and selling of futures is transparent – at any one time, the buy and sell orders as well as the latest price and volume data are available for all market participants to see on the trading screen, ensuring transparency in the on-exchange futures markets.

In addition, live prices, bids and offers and traded volumes are disseminated via Quote Vendor (QVs) companies. The list of QVs providing live futures prices and volume quotations for DGCX futures contracts is available on the exchange website. DGCX also provides free delayed prices and volume data on its website – www.dgcx.ae

Market participants submitting orders remain anonymous to each other, any one buyer or seller is not aware of the identity of the other buyer or seller. It is not important to know who the other party to the trade is because the clearing house (Dubai Commodities Clearing Corporation) acts as the central counterparty to each trade and each trader is buying or selling for different reasons. For example, a party selling a futures contract could be a producer while the party buying the futures contract could be a refiner closing his short futures position.





How are futures contracts used?

Market participants buy and sell futures contracts in order to protect their exposure to price movements in the underlying product, for example, the price of crude oil. Most futures contracts do not go through to the expiry date and approximately only 1 - 5% of futures contracts result in the physical product being delivered.

Long and Short Positions

Long: A futures contract can be bought which means you have taken a "long" futures position in the market and you believe that the futures price will rise, or,

Short: A futures contract can be sold which means you have taken a "short" futures position in the market and you believe the futures price will fall.

The key advantage of using a futures contract is that it can be sold ("short position") without owning the underlying asset. However, if required, the contract can be bought back in the market before the delivery date to match the short position and you will therefore never have to deliver the physical product.

So, the futures contract can be "offset" or "closed" and the delivery obligation cancelled out by taking an opposite and equal position in the futures market.

If a seller of a futures contract ("short position") wants to deliver the underlying product, he can only do so if he is able to provide the right origin, quantity and quality of the product, at the place and time and using the loading method specified in the contract. Therefore, the seller would only want to deliver if the price in the futures market is similar or superior to the price on the physical spot market.

A seller of a futures contract, such as a gold refiner should not seek to go to delivery if he cannot easily meet the specified contract requirements. In such a case, the seller should "offset" or "close" the futures (i.e. their short futures position) by buying back futures contracts of the same quantity and delivery month before the last trading day (after this day, delivery takes place).

For example, on 6th April, Mr Sami bought 3 Silver futures contracts expiring on 6th July. On 15th June, Mr Sami sells back the 3 Silver futures contracts at a profit. He no longer holds a position in the futures market because he offset his initial "short" position by buying back an equal and opposite position. Mr Sami is also no longer concerned with delivering the physical silver in July.





Hedging and Price Risk Management

“Hedging” is a term used within the futures industry to define how futures contracts can be used to protect a client against the risk of price movement and uncertainty in the underlying asset. For example, producers, merchants, jewellers, foreign exchange dealers, corporate entities, trade houses, manufacturers, refiners, etc, may all look to use futures contracts to insure themselves against the risk of movement in the price of commodities or currencies.

Hedging involves buying or selling futures contracts to protect the physical asset that you already own, or are going to buy in the future.

For example:

- Selling futures contracts (i.e. going short of futures) for the same quantity that you own of the physical commodity (i.e. have not yet sold) - hedging in this way is undertaken, by refiners and oil producers for example, to protect themselves against the Gold or Crude Oil price falling
- Buying futures contracts (i.e. going long of futures) for the same quantity that you require of the physical commodity (i.e. not yet bought) – hedging in this way is undertaken, by producers, airlines, for example, to protect themselves against the Gold or Crude Oil price rising.

Hedging Example: Gold Refiner – “Short gold”

A Gold Refiner is naturally “short” of the underlying physical product, which is in this case Gold (i.e. they are in possession of Gold). Selling futures contracts (i.e. going short on futures) guarantees the value of forward sales by “locking-in” a future price. Hedging in this way helps to secure future revenue and ensure better planning and budgeting.

If a Gold refiner is producing a large quantity of gold, but is concerned that the price of gold may fall over the coming months, this could affect the price he will receive when he sells the precious metal and as a result have a negative impact on revenue and profit.

The refiner could “lock-in” the future sale price by hedging. The unsold gold could be hedged by selling an equivalent amount of gold futures contracts. The refiner should not hedge more than the quantity of gold he has not yet sold.

If physical gold market prices subsequently drop, the refiner’s loss on physical gold sales will be compensated by the profit made on the futures contracts. When the refiner sells the gold on the physical market at the lower price, he would also buy back the futures contract at the lower price, cancelling out the hedge. This process works because the values of the physical market and futures market move at similar times and in similar directions.

A gold refiner decides to sell 96 troy ounces of gold futures at US \$850/troy ounce, basis December delivery month to hedge physical gold not yet sold (i.e. the price for gold is “locked in” at US \$850/troy ounce for December delivery by going short futures).

Assume that it is early October and the refiner has sold the 96 troy ounces of gold on the physical market and the price obtained for the gold has fallen to US \$800/troy ounce.

At the same time as selling 96 troy ounces on the physical market, the refiner buys 96 troy ounces of futures contracts to offset or close his 96 troy ounce short futures position which is still open. The futures and physical market prices move in a similar direction and because the expiry of the futures contract is close, the physical and futures markets reach a similar value. Therefore, we can assume that the futures price has also fallen to say US \$800/troy ounce. The refiner therefore makes US \$50 profit per troy ounce on the futures contract.

The payout per troy ounce is US \$800 on the physical market + \$50 futures profit = \$850/troy ounce, i.e. the price which was locked in originally. Although the physical gold market has fallen in price by \$50, the futures market price has also fallen by the same amount, and so the hedge strategy has allowed the refiner to achieve an overall price of \$850/troy ounce rather than the reduced market price of \$800/troy ounce which would have been the case had the position not been hedged in the futures market.



Price Differentials between Physical and Futures markets

The previous hedging example assumes that the price on the physical market and the price on the futures market for Gold are the same. However, this is generally not the case, as a “differential” or “basis risk” can arise. This could be due to quality variations between the physical product and the futures contract specification, or due to a difference in location (between where the physical product is situated and where it would be delivered under the futures contract). However, for the Gold refiner, the objective is to reduce price risk exposure (“hedge”) to the difference between the physical market and the futures market, rather than the movement in the market prices themselves.

Note:

If, in the meantime, the refiner sold the gold which was hedged on the physical market, it has to buy back the futures contract at the same time. If the futures contract is not bought back, this would be considered as speculating on the movement of the futures price, and could also result in delivery of physical gold to the counterparty which wouldn't be possible if the gold had already been sold earlier.

Speculating or investment

Speculation or investment, occurs when a party buys or sells a futures contract without any connection to the underlying physical product, without owning the underlying product, or without a requirement to own the underlying asset.

Speculation is used by investment institutions, funds and professional investors, who hope to make a return by buying a futures contract that they expect to rise in price or selling a contract that they expect will fall in price. Their objective is to buy and sell futures contracts in the market and profit by correctly forecasting market price movements.

Speculators face more risk than hedgers because they do not own the underlying commodity product or currency. Therefore, any losses incurred in the futures market cannot be offset by gains in the physical market, as is the case with hedgers.

Trading Example:

A professional investor thinks that the Gold price is going to increase approximately 20% from US\$900/troy ounce level in 2 months from August. As a result, he decides to buy a October gold futures contract at US\$900/troy ounce. Assume that his prediction is accurate, gold prices increase to US\$1,100/troy ounce, his profits would be US\$200/troy ounce.

However, should his prediction be inaccurate and the gold price drops to US \$800 / troy ounce, then his losses would be US \$100 / troy ounce.





How to start trading futures contracts on DGCX

DGCX Broker Members

To trade DGCX futures contracts, buy and sell orders should be submitted via a member of the exchange, by telephone or possibly via an order routing (internet) service. Only exchange members can actually execute orders directly onto the exchange and so market participants should either become a member of DGCX or open a trading account with an exchange member firm in order to start trading futures contracts.

The list of DGCX member firms offering brokerage and clearing services can be found on the website at www.dgcx.ae/memberslist.aspx

Clearing Futures contracts

All futures contracts traded on DGCX are settled ("cleared") by the Clearing House in order to remove the counterparty risk of the trade, all trades must be handled by a Clearing Member of the Clearing House.

Many DGCX exchange members are also Clearing Members, which means that they are approved by the DGCX's Clearing House; the Dubai Commodities Clearing Corporation (DCCC), to settle futures contracts. If a member does not have approval by the clearing house, then it will have agreements to clear trades through another Clearing Member.

Margining and Clearing

Immediately upon opening a futures contract (whether buying or selling) a deposit representing a percentage of the value of the contract is payable to the clearing house (DCCC) by both the buyer and seller. This deposit is known as the initial margin and is deposited via a clearing member in order to ensure that the end client can fulfil their obligations of the futures contract. The initial margin amount is set by the clearing house and is typically between 3 - 10% of the value of the futures contract being purchased. However, the margin can change depending on the value of the futures price.

All DGCX futures contracts offer guaranteed settlement via the clearing house (DCCC) which becomes the counterparty to each trade; the seller to every buyer and the buyer to every seller. The clearing and settlement process therefore removes the counterparty credit risk of transacting in the futures market.

The initial margin is followed by daily profit or loss adjustments known as variation margins and these occur throughout the lifetime of the futures contract, until the contract expires or the delivery process has been completed. The variation margin is calculated each night against the change in the contract value – this is known as "marked to market" against the "daily settlement price" as published by the exchange at the end of each trading day.

Once the futures position is closed, it is adjusted for any daily profit or loss accumulated and the initial margin is reimbursed to the member by the clearing house for the end client.

Delivery and Settlement

Only approximately 1 - 5% of physically delivered contracts actually go through to the expiry date and end up with the physical product being delivered and exchanged. The majority of contracts are settled beforehand. However, if the contract does finish in physical delivery, then the product, for example, Gold, must be delivered according to the specifications in the contract in exchange for payment by the buyer.

Calculating Futures Trade Profit & Loss

The following example shows how to calculate how much profit or loss has been made from a future's trade. Take the following contract details for the Euro-Dollar futures contract:

Euro-Dollar FX Futures	
Contract Size	€50,000
Price Quote	US\$ quoted in cents per €
Tick Size	US\$ 0.0001 per Euro
Tick Value	US\$ 5 per contract

Notice that the Euro-Dollar future moves in increments of 0.0001 points, or US\$5 per tick. Assuming an initial bid-offer spread of 1.3932 - 1.3934, suppose you sold two September Euro-Dollar futures at the bid price of 1.3932. Three days later the price has fallen 0.0124, giving a new bid-offer price of 1.3808 - 1.3810. You close out the position by buying two contracts at the new offer price of 1.3810 (122 points below the original bid price).

Outcome	Explanation
Selling price: 1.3932	Market bid price (price at which you buy at)
Buying price: 1.3810	Market offer price (price at which you sell at)
Tick difference: 122 or 0.0122	Bid price minus new offer price
Volume: 2	Number of futures contracts
Profit: $122 \times \text{US\$}5 \times 2 = \text{US\$}1,220$	Difference x value per point x number of contracts

Profit is calculated by multiplying the change in price by the value per point then by the number of contracts, to give in this case a profit of US\$1,220 (excluding any brokerage commissions).



Futures markets can be full of jargon and unfamiliar terminology, the glossary below should help you define the meaning of some of the vocabulary.

Bid	Current buying price.
Bid-offer Spread	Market Makers quote futures prices in terms of a bid-offer price. The bid price is the price at which they will buy a commodity future contract and the offer price is the price which they will sell at. So, a bid-offer spread of \$102-\$104 means the market maker will buy at \$102 and sell at \$104.
Cash Settlement	Cash Settlement is when the futures contract is settled for cash rather than delivering the physical commodity to the buyer.
Clearing	The process by which futures contracts are settled and the counterparty risk of buyers and sellers is managed. This process takes place through the payment of a deposit known as an initial margin upon opening a futures contract.
Clearing Fee	The charge raised by the clearing house for clearing/settlement of completed trades.
Clearing House	A regulated organisation that handles the clearing and settlement of futures and options contracts by acting as an intermediary of all contracts and becoming the seller to every buyer and the buyer to every seller.
Clearing Member	An exchange member who is also a member of the clearing house.
Closing a Futures Position	To exit a futures trade by buying or selling the futures contract. To cancel the delivery obligation by taking an opposite and equal futures transaction. For example a seller of a futures contract, such as a producer, can close the futures they have sold – their short futures position - by buying futures contracts of the same quantity and delivery month.
Contract Size	The quantity of the product for each contract bought or sold.
Daily Settlement Price	The DSP is the end of day price published by the exchange and the price at which the futures contract is settled - either in cash or physical delivery of the commodity.
Delivery	The act of providing the underlying physical product to the buyer or receiving the underlying physical product from the seller in accordance with the contract specifications.
Delivery Months	A futures contract has months when delivery occurs. Delivery months are those which are listed for trading and the months in which delivery takes place.
Differential	The difference in price between the physical product being hedged and the price of the underlying product represented by the futures contract.
Exchange	For the purpose of the guide, this is a regulated centralised derivatives market, such as DGCX.
Exchange Member	A company who is permitted by the exchange to buy and sell futures and options contracts directly on its trading system.
Exchange Trading Fee	The charge raised by the exchange for buying and selling futures and options contracts.

Futures Contract	An agreement to deliver or take delivery of a given quantity and quality of an underlying asset during a specified delivery month, at a price determined at the initiation of the contract.
Gearing	Futures contracts are geared because only a small initial amount is paid in order to open and trade a position in the futures market. So a high exposure is gained with a smaller initial outlay. This is also referred to as leverage.
Hedging	Where a physical market player uses a futures contract to protect against adverse movements in the price of the particular commodity.
Initial Margin	The deposit that has to be provided to the clearing house when a contract is bought or sold. The initial margin is set by the clearing house.
Last Trading Day	The last day in which trading is permitted for a specific delivery month.
Limit Order	A limit order is where the buyer/seller of a commodity futures contract has specified a time frame or price parameter within which the trade must be completed. The exchange member must execute the trade within the time and price specifications of the client.
Liquidity	Liquidity refers to how actively traded a certain contract or market is i.e. how many buy/sell prices are seen on-screen and how easy and quick it is to close your trade by buying or selling at a certain price.
Long	When futures have been bought, you are said to be long. So if a Jeweller buys 100 futures contracts he is long 100 futures contracts.
Market Maker	A market maker is a dealer/trader who commits to posting continuous (for a certain % of the trading day) buy and sell prices to help create a liquid market.
Maximum Order Size	The maximum number of contracts which can be traded at one time.
Minimum Price Movement (Tick Size)	The tick size is the minimum price movement (in US\$) allowed for the contract. So a "tick" represents the smallest amount that a price can change.
New Contract Listing	The day on which a new contract (delivery month) is listed.
Offer	Current selling price.
Open Interest/ Open Position	The number of short or long futures contracts that remain open in the market and which are yet to be closed out or offset.
Order	An instruction from the client to the exchange member to buy or sell futures contracts at a specific value (best price) and time.



Further Information

Pairs Trading / Spread Trading	Pairs and spread trading are two terms used to describe the same trading technique. It is when a trader takes two positions in the futures market: one long and one short but on two different instruments. The risk and return on spread trading is therefore not directional; if both prices rise or fall, it is still possible to make a profit on the difference between the two trades. However; no profit is made if both prices rise or both fall by the same percentage. However, this is unlikely.
Price Quote	The currency and quantity in which each contract is quoted.
Quality Specification	The required quality and standard of the underlying physical product.
Short	When futures have been sold, you are said to be short. So if a producer sells 100 futures contract he is said to be short 100 futures.
Speculation/ Investing	This occurs when a party sells or buys a futures or options contract, and either does not have any connection with the underlying physical product or is involved in the physical product but has bought futures contracts on physical products he does not own, or bought futures contracts for products he does not need.
Spot Price	The immediate price of a certain asset. For example, the price at which you can buy gold now.
Stop-Loss	An automatic exit (sell) price for a futures contract set by the trader/client in order to establish a maximum loss and point at which to close the trading position.
Symbol	Each contract is given a trading symbol e.g. DG in the case of the DGCX gold futures contract.
Technical Analysis	Technical analysis is a financial market analysis discipline for forecasting the future direction of prices by studying historical market data, prices and volumes. Technical analysis does not consider external factors such as the nature of the market, economy or commodity and focuses purely on "charts".
Trading Days and Hours	The days and hours for which you can trade the contract on a business day.
Underlying	Underlying is a term often used to refer to the underlying product (e.g. a commodity, currency etc) which the futures contract is based on, such as Gold, Crude Oil, and Japanese Yen.
Variation Margin	The daily profit and loss on the futures contract.
Volatility	Volatility indicates by how much the price of an asset moves from the average. Volatility can be measured over any time period, for example, daily, weekly, monthly etc. Low volatility shows that the price has remained close to the average price and high volatility indicates that the price has moved (increased and decreased) substantially.
Volume	The number of contracts traded on the exchange.

DGCX Training Workshops

We regularly hold educational workshops to train market participants on trading commodity and currency futures contracts.

The workshops which are held in Dubai, offer an introduction to trading, covering the fundamentals of futures contracts through to trading tools and techniques.

For more information and to register for a workshop please visit www.dgcx.ae/education

Contact us

For further information on DGCX, our products and how to access our markets, please contact us on the details below. Alternatively, please refer to the contract specifications for product related information.

Dubai Gold & Commodities Exchange

Tel: +971 (0)4 361 1616
 Email: info@dgcx.ae
 Web: www.dgcx.ae
 Twitter: www.twitter.com/dgcx

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