



## News Release

3 December 2018

### SGX launches world's first high-grade iron ore derivatives

- Shift in China's environmental policy spurs increased use of premium iron ore
- 65% Fe Fines swaps and futures complement SGX's benchmark 62% Fe contracts

Singapore Exchange (SGX) today launched the world's first high-grade iron ore derivatives to meet demand for new risk-management tools amid a structural shift in China's environmental policy.

The SGX MB Iron Ore CFR China swaps and futures, designed in close consultation with market participants, reference the 65% Fe Brazilian fines index, CFR Qingdao, provided by Fastmarkets MB. China's pursuit of environmentally friendly growth is spurring increased use of premium iron ore for steelmaking in the country, the world's largest consumer of commodities.

Complementing SGX's bellwether 62% Fe derivatives, the new contracts will add vibrancy to the highly liquid and sophisticated global iron ore market that is attracting a growing pool of institutional investors. As the physical market evolves along different specifications, today's launch offers participants the opportunity to trade grade differentials and manage widening basis risks.

Michael Syn, Head of Derivatives at SGX, said, "Iron ore has become Asia's first truly global commodity, increasingly following in the footsteps of the oil complex in terms of size and economic importance. With the high-grade contracts, we are delivering access tools to bridge domestic pricing in China – iron ore's most important market – to an international benchmark."

SGX, which pioneered the world's first iron ore swaps in 2009, has close to 100% market share in international cleared iron ore and coking coal derivatives. The exchange is driving the completion of a "virtual steel mill" value chain, combining capital efficiencies across steel raw materials and freight.

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#### About Singapore Exchange

Singapore Exchange is Asia's leading and trusted market infrastructure, operating equity, fixed income and derivatives markets to the highest regulatory standards. As Asia's most international, multi-asset exchange, SGX provides listing, trading, clearing, settlement, depository and data services, with about 40% of listed companies and over 80% of listed bonds originating outside of Singapore.

SGX is the world's most international offshore market for the benchmark equity indices of China, India, Japan and ASEAN and offers commodities and currency derivatives products. Headquartered in AAA-rated Singapore, SGX is globally recognised for its risk management and clearing capabilities. For more information, please visit [www.sgx.com](http://www.sgx.com).

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