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In the Name of God



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Editorial Column

4

CEO POST

6

IME's International
Events

8

Table of
Contents

IME's Agricultural
Trading Floor

22

IME's Spot Market

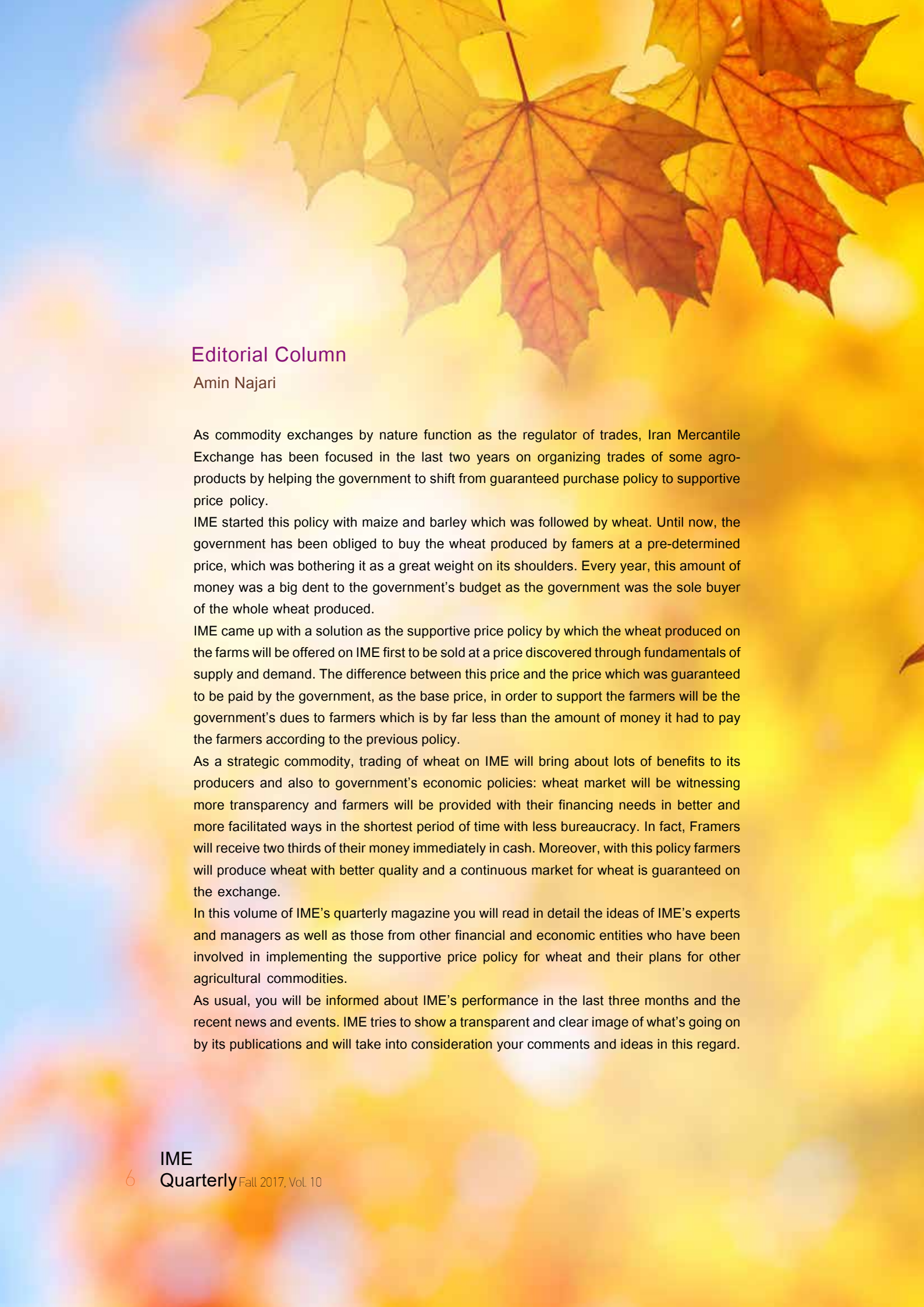
32

IME's General News

40

Statistics of IME
Business

48



Editorial Column

Amin Najari

As commodity exchanges by nature function as the regulator of trades, Iran Mercantile Exchange has been focused in the last two years on organizing trades of some agro-products by helping the government to shift from guaranteed purchase policy to supportive price policy.

IME started this policy with maize and barley which was followed by wheat. Until now, the government has been obliged to buy the wheat produced by farmers at a pre-determined price, which was bothering it as a great weight on its shoulders. Every year, this amount of money was a big dent to the government's budget as the government was the sole buyer of the whole wheat produced.

IME came up with a solution as the supportive price policy by which the wheat produced on the farms will be offered on IME first to be sold at a price discovered through fundamentals of supply and demand. The difference between this price and the price which was guaranteed to be paid by the government, as the base price, in order to support the farmers will be the government's dues to farmers which is by far less than the amount of money it had to pay the farmers according to the previous policy.

As a strategic commodity, trading of wheat on IME will bring about lots of benefits to its producers and also to government's economic policies: wheat market will be witnessing more transparency and farmers will be provided with their financing needs in better and more facilitated ways in the shortest period of time with less bureaucracy. In fact, Farmers will receive two thirds of their money immediately in cash. Moreover, with this policy farmers will produce wheat with better quality and a continuous market for wheat is guaranteed on the exchange.

In this volume of IME's quarterly magazine you will read in detail the ideas of IME's experts and managers as well as those from other financial and economic entities who have been involved in implementing the supportive price policy for wheat and their plans for other agricultural commodities.

As usual, you will be informed about IME's performance in the last three months and the recent news and events. IME tries to show a transparent and clear image of what's going on by its publications and will take into consideration your comments and ideas in this regard.



CEO POST



CEO of IME in National Day of Quality; IME's Suggestions for Enhancement of Standards

Iran Mercantile Exchange along with other three exchanges of Iran's capital market is a platform for transparent trade of commodities, which also manages and controls the standards to be met in doing trades, said CEO of Iran Mercantile Exchange stated in the national day of quality. Hamed Soltaninejad stated that IME is already a platform to discover prices for intermediate products and has the potential to set a standard criterion based on the pricing procedure.

Providing a brief overview of Iran Mercantile Exchange and its status he said that IME has got 4 markets which are financial, derivatives, spot and side market on which commodity funds, commodity certificates of deposit, standard parallel SALAM, options and futures contracts are traded as well as agro-products, oil products, petrochemicals, metal and minerals.

Using IME's Tools to Standardize Trades

Soltaninejad also referred to the potentials of IME for standardizing trades which are IME's trading tools like spot, credit, SALAM, futures and option contracts as well as certificates of deposit, commodity funds, standard parallel SALAM, forfaiting, premium discovery and forwards.

IME's Total Trading Value Accounts for 6.5% of Iran's GDP

He then continued that in the first 6 months of the current hijri year (21 March – 22 September 2017) IME witnessed a 4 % increase in total trading value compared to the same period of the previous year reaching to 367,000 billion Rials. Analyzing IME's performance within the last 10 years, he said that IME's total trading value stood at 817,000 billion Rials in 1395 hijri year accounting for 6.5 % of the country's GDP and making IME first among all the exchanges of Iran's capital market.

Role of Commodity Exchanges in Enhancement of Standards

Referring to the role that commodity exchanges can play in enhancement of standards, Soltaninejad said that Iran Mercantile Exchange has done an extensive research on impacts of developing commodity exchanges in cooperation with The Institute of Standards and Industrial Research of Iran and the results have been published in a book titled as "Developmental Implications of Commodity Exchanges on Emerging Markets".

The research reveals that commodity exchanges have various functions including preparing the groundwork for price discovery based on the fundamentals of supply and demand, issuing prices online, changing sales trends using market price discovery mechanism, setting price benchmarking in the region, providing guarantees for both sides of trade, providing risk management tools, providing financial tools to facilitate fund raising, preparing the groundwork for investment and improving market access through brokerage networking and using potentials of IT infrastructures, Soltaninejad added. Stating that quality control is one of the principles of IME, Soltaninejad insisted that IME facilitates trade of physical commodities through improving pricing in the spot market which is done by increase in data circulation and tries to strengthen its physical market through guaranteeing delivery of commodities. He added that improving the infrastructures of transportation and warehousing as well as enhancement of quality standards are among other functions of IME.

Soltaninejad explained that if producers, whether they are in the agriculture section or industry, are briefed in advance, via a clear and transparent mechanism, that their products are needed to meet specific quality standards and the pricing mechanism also involves standard quality as one the decisive factors, they will be encouraged to meet them, especially if high quality products are rewarded. This will lead to quality enhancement because all products have to meet specific standards, otherwise they will not be listed on IME.

Using London Metal Exchange Experience in Quality Standards

Soltaninejad mentioned LME's warehousing system and said that the exchange's warehouses only accept products whose brand has been listen on LME and this exchange only lists those brands able to pass the quality control test of the exchange and meet its standards. Upon storing the product in a warehouse a receipt is issued for it which could be traded on the exchange and the buyer (holder) of it can receive the stored product from the warehouse based on the same standards. It's worth mentioning that LME's warehouses are spread all over the world making products available to end users. Soltanejad reiterated that Iran mercantile exchange is following the same plan and has been able to list about 80 warehouses in line with this. He added that to achieve the goals IME needs to cooperate with different trade association in order to define exchange standards which will be discussed with The Institute of Standards and Industrial Research of Iran to reach a consensus.



IME's International Events



5 Scenarios to Increase Trade between Iran and Iraq through IME

In the conference on trade between Iran and Iraq Hamed Soltaninejad, the CEO of IME, outlined the benefits of developing Iran-Iraqi trade through IME and said that entry of IME into the Iraqi market has some significant advantages including boosting foreign trade and development of exporting Iranian commodities by providing trading and financial infrastructures, ensuring proper quality, fair and transparent prices, reducing transaction costs and business risks, and structuring Iran's exports to Iraq.

Soltaninejad described the prosperity of the capital market in Iraq as the other advantages of mutual relations between the two countries, and added that establishing a transparent groundwork for exchanging commodities in the Iraqi market or exporting Iraqi goods, structuring markets such as the housing market, vehicles market, food products and some agricultural products like dates through IME, creating and expanding capital market structures for the development of the Islamic capital market, and creating and the expansion of the B2B business environment between the two countries is another benefits of the entry of IME into the Iraqi market.



Referring to the B2B as a business relationship between major traders and major vendors via a trading platform, he highlighted the benefits of B2B as global access, global coverage, buyer-to-vendor linkage, creating added value for market players, support for guarantees and providing risk acceptance models to name a few.

Soltaninejad introduced the IME as a B2B market with two commodity based securities and physical markets and said financing, the possibility of international actor's contribution, hedging, market regulation, transparency of transactions, and the acquisition of collaterals from buyers and sellers are some of the benefits of developing trade through IME.

IME's Goals to Participate in Iraqi Market

CEO of IME pointed to the objectives of IME to participate in Iraqi market and added that developing and consolidating the economic and political relations between Iran and Iraq, increasing foreign trade and developing export, creating a stable and transparent market for Iranian commodities and validating the brand and quality of Iranian products, development of Iran's financial market in international markets, establishing financial and export infrastructure to facilitate transactions for the parties, sustainable influence on the Iraqi financial market, financing and attracting investment to work in Iraq and attracting Iraqi investors to boost domestic production are among the most important objectives of IME in this regard.

Soltaninejad referred to IME's trading instruments and said: cash, credit, forwards, standard parallel forward SALAM contracts, futures and options contracts, certificates of deposit, ETFs, forfaiting and long term contracts are the IME's financial instruments available to investors and economic agents in other countries to benefit from.

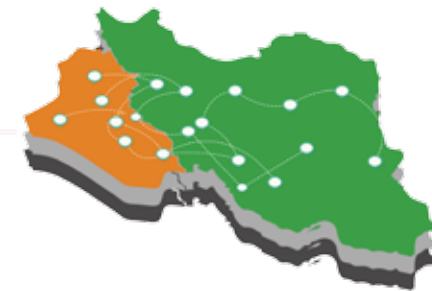
5 Suggested Scenarios for Business Development

CEO of IME suggested 5 scenarios to increase Iran-Iraq exchanges and said that the first scenario is to activate Iraqi businessmen by offering Iranian commodities on IME's export ring and offering the Iraqi products on the domestic market of IME. The second scenario is listing standard warehouses to trade

various verified commodities in Iraq and Iran's border towns through certificates of deposit instrument. The third scenario is to activate Iraqi businessmen through providing facilities and incentives such as creating a special ring for Iraqi merchants on IME by setting a special day and time for trading by Iraqi businessmen and also providing the insurance and transportation services in Iran and Iraq. The fourth scenario is establishment of a branch for IME in Iraq.

He described the fifth scenario as the establishment of Iran-Iraq Joint Mercantile Exchange and said that it's time to change the traditional structure of markets towards modern markets, so that we will not have any legal problems in the contracts, and we will not receive the necessary guarantees and collaterals for each contract. Implementing these scenarios can help to expand exports, create a stable and transparent market, and maintain trade between the two countries, in order to have a sustainable modern trend in the markets of both countries.

At the end of his remarks, he emphasized that originality, quality and offering of standard commodities is currently under discussion, and IME is ready to start cooperating with Iraqi officials to run any of these scenarios.



The Vice President for Economic Affairs;

Groundwork for Initiation of Commodity Inter-Exchange Transactions is Provided

In the margin of the conference on trade between Iran and Iraq, the Vice President for Economic Affairs referred to the capital market's potentials, Iran Mercantile Exchange in particular, in expanding trade between the two countries and stated that although the governmental policies regarding the capital market has special attention to the international communications, it requires step by step progress. Mohammad Nahavandian added that fortunately the overall stability in Iran's macro-economic indicators and continuous growth in Iran's Economy over the last two years declares that the Iran's Economy has experienced the highest global growth rate, although some of its sectors are under development. These types of positive economic signals attract the international markets to invest in Iran. Nahavandian added: "of course, IME, in light of its potentials, can plan and develop its presence in international markets, too."

He emphasized that we have experienced once or twice offering of Iran's stocks in international markets, being welcomed highly, but I still emphasize that precise planning can bring us closer to our goals.

Pointing to the IME's export capacity to have business communication with Iraq exchange, the Vice President for Economic Affairs said that Iraq can be the closest and most suitable business partner to Iran, but we need proper infrastructure and groundwork to begin this inter-exchange communication. Therefore, we should take appropriate measures to increase confidence and trust among businessmen and market participants of the two countries. Therefore, in this regard, apart from the public sector's partnerships, the private sector of both countries can play a significant role and the Iran-Iraq Chamber of Commerce will be the main participant in this area.



In the Conference on Trade between Iran and Iraq Iran Mercantile Exchange launched Arabic Website

In line with one of the IME's main strategies as "Developing IME's activities to enhance the country's trading with international markets", in conference on trade between Iran and Iraq IME launched its Arabic Website.



The more active presence of Iran in the strategic and valuable market of Iraq has always been one of the most important issues among our public and private sector managers. In this regard, benefiting from exchanging various metals and mineral products, oil and petrochemicals, as well as agricultural products in domestic and export markets, IME has carried out its research into developing trade relations and using the capacity of financial markets to increase the trade volume and facilitation of the export of Iranian goods to Iraq. In this regard, setting up a taskforce on IME to increase Iran's exports to Iraq, presence of a high-ranking delegation from IME to Iraq to investigate solutions to strengthen economic ties between the two countries, holding a meeting session between IME and Iran & Iraq Chamber of Commerce and negotiating with Iraqi officials to develop economic relations between the two countries using IME's capacities are some of the recent measures taken by the IME. Following on these events, today, as part of the conference on trade between Iran and Iraq, the largest gathering of economic activists and businessmen from the two countries, the Arabic website of IME was launched to provide services to Arab merchants and businessmen. The Arabic website of IME, at <http://ar.ime.co.ir>, describes Iran Mercantile Exchange, its strategy, goals and services, and includes sections such as business calendar, commodity list, listing requirements, registration of the customers and steps to issue trading accounts, introducing active brokers, contracts and trading markets including the physical market, derivatives market, and side markets, as well as the news of this area.



Inauguration of the 4th Kish International Exhibition (KISHINVEX 2017)

On Monday, October 30, 2017, the 4th Kish International Exhibition of Exchange, Banking, Insurance and Privatization (KISHINVEX 2017) was inaugurated. On Monday, October 30, the 4th Kish International Exhibition of Exchange, Banking, Insurance and Privatization (KISHINVEX 2017) was inaugurated in the presence of Hossein Ali Amiri; the Vice President of Iran for Parliamentary Affairs, Morteza Bank; Advisor to the President and Secretary General of the Supreme Council for Industrial and Special Economic Zones, Abdul Nasser Hemmati; Head of Central Insurance of Iran, Morteza Sarmadi; Deputy of Minister of Foreign Affairs, Fereydoun Hemmati; Governor of Hormozgan and Shapour Mohammadi, Head of Securities and Exchange Organization as well as a group of managers, experts and investors in the country's economic area.

The KISHINVEX 2017 exhibition will take place from 30 October to 2 November 2017 in Kish International Exhibitions Center, Kish Island, Iran, in which investment opportunities in Iran will be introduced for domestic and foreign investors. The exhibition, which is holding for the fourth year, will host government officials and investors from 17 foreign countries.



CEO of IME at Iran Capital Market's International Conference:
**Establishing a Joint Trading Platform between World
Commodity Exchanges is One of IME's Goals**



CEO of IME at the international conference on "The Capital Market of Iran, More Diversification, High Returns", which hosted more than 50 foreign guests from 17 countries in Kish, considered the direct import and export of goods through the IME's platform as one of IME's most important goals and plans to pursuit. During his speech at the conference, Hamed Soltaninejad pointed to the IME's international activities and said: exports and imports of commodities through the IME's platform will reduce the transaction costs and hedge commodity markets in the international arena. Referring to the IME's vision as "Developing IME's activities to enhance the country's trading with international markets", Soltaninejad stated that we are seeking to create joint trading platforms with our foreign so that we are making efforts to list the brokerages associated with these commodity exchanges in the IME.

Regarding the establishment of a joint trading platform, CEO of IME said one of the measures taken in this area is establishing the joint trading infrastructure between IME and NeML, which is the spot trading wing of the NCDEX of India. Moreover, IME is creating direct export processes with Pakistan Mercantile Exchange (PMEX).

He added that the IME is also attempting to create joint derivative markets with other countries including India on bitumen, because of Iran's competitive advantage in hedging this commodity. In addition, one of our plans is to constitute a joint derivative market on foreign currencies, in particular the Indian Rupee and the South Korean Won.

He said that to implement this program we can list international traders directly on IME. As of this moment, about 400 foreign traders have membership in IME, which we can be greatly increased, leading to better price discovery. In this regard, IME is trying to cooperate with global banks to facilitate money transfer for a foreign trader trading on this platform and also to prevent money laundering.

He pointed out listing warehouses beyond borders of Iran and in free zones to achieve export objectives, designing a model for issuing transportation coupon (vouchers) to facilitate delivery, establishing an international marketing platform and attracting foreign customers and building communication infrastructure with regional exchanges are among the IME's other programs in the field of international trade.

The CEO of IME focused on the overall structure of the exchange and said that Iran Mercantile Exchange has four financial, derivative, physical and side markets in which in addition to agricultural, oil and petrochemical, and metal and mineral products in the form of cash, credit, forward contracts, ETFs, CDRs, standard parallel SALAM contracts, futures and options contracts, forfaiting and premium discovery are also the IME's instruments.

Pointing to the economic statistics that IME's trade value accounts for 6.5% of the GDP of the country; he added that IME has constructed its trading mechanisms based on international standards, providing a great opportunity for foreign investors to enter the Iranian market

IME in the First Six Months of the Year

He pointed to the increase in the IME's trade volume and value since 2007 and said this positive trend represents an effective and efficient relationship between the financial markets and the economy of the country. In terms of securities trading, trading in this market is also showing growing trends.

Soltaninejad referred to the statistics of IME and noted: In the first six months of the year 1396 hijri, the total trade value increased by 4% compared to the same period last year and reached more than 367,000 billion Rials.

In the Margin of the Kish INVEX 2017
**Signing a Memorandum of Understanding between
IME and NCDEX**



A memorandum of understanding between Iran Mercantile Exchange and National Commodity & Derivatives Exchange Limited (NCDEX) was signed in the margin of Kish INVEX 2017 and meanwhile a thousand tons of bitumen produced by the Jey Oil Refining Company was traded via a web service as an introduction of a joint platform for trading between the two exchanges.

The MoU was signed to facilitate commodity transactions between the two countries through a joint trading platform between the Iranian and Indian commodity exchanges. Today, in the first phase of this memorandum, a possibility to show the discovered prices of bitumen on the two exchange's boards is provided directly through the Web service.

In line with that, 2,000 tonnes of bitumen produced by Jey Oil Refining Co. was offered to the Indian traders via the Web service, and 1,000 tonnes of this Iranian products was bought by Indian merchants.

During the ceremony of signing the MoU between IME and NCDEX, Hamed Soltaninejad, CEO of IME stated that we came up with the idea as we constantly received complaints from Indian merchants as to the manipulated and low quality bitumen they imported from Iran, while

October 11, 2017, Kish Island, Iran



Iranian bitumen is one the highest quality types of bitumen all over the world.

He added that IME and NCDEX are trying to establish a joint platform to make it possible for end-users to receive high quality bitumen via eliminating unnecessary middlemen. As the first phases IME is collaborating with NeML, which the subsidiary spot market of NCDEX to provide Indians with the opportunity of buying Iranian bitumen with guaranteed quality via the cross-linkage created between the two markets and to also gives Iranians the chance to buy agricultural products, like rice, from India. This way, both sides will enjoy the merits of buying via exchanges which include fair price and guaranteed quality with systematic procedures of settlement and delivery.

Today, IME and NCDEX are going to sign an MOU to lay the first bricks of this platform which will bridge the gap between the real suppliers and real buyers from both sides. 31st of October is only a start: the two exchanges will go on with this project buy listing more commodities rather that bitumen and rice.

We will also move from physical trading to risk exposure and launching derivatives contracts on various commodities in the not too distant future.

Today, global trading platforms are getting involved in mutual trades; IME and NCDEX are no exception. We are working towards connecting our markets to enhance efficiency and harmony.

I hope today will mark a turning point in the history of the Indo-Iranian business ties and facilitate trade of essential commodities to the benefit of end-users from both sides.

Rajesh Sinha, CEO of NeML, stated that the MoU is the beginning of a relationship with IME, and after practical operation of this web service, we will launch a complete joint platform.

He added that India imports a large volume of bitumen from Iran, and imports food products such as rice to Iran, which I hope we will soon be able to import and export commodities through a joint trading platform and with a guaranteed price and quality through the two commodity exchanges.



Deputy Minister of Agriculture-Jahad:
**A Ring to Be Launched on
Iran Mercantile Exchange
for Exporting Agricultural
Products**



Deputy Minister of agriculture in commercial development said that with offering agricultural products on IME there will be a direct link between producer and consumer and unnecessary middlemen will be eliminated. Moreover, there will be an increase in trading fees and trades will be done based on the fundamentals of supply and demand in a fair and competitive atmosphere. We need to prepare the groundwork for the agricultural products to be offered on IME, which includes training both producers and consumers to understand mechanisms as well as rules and regulations on IME; Aliakbar Mehrfard was quoted as saying by IME's official website. He also added that wheat, maize, sugar, chicken are currently offered on IME which will be followed by pistachio and saffron. To complete the chain we need to launch an export ring on IME. He then mention implementation of the pilot scheme of supportive price policy for barley and maize on IME from 1394 hijri year and its merits which lead to running it for wheat, barley and maize permanently and could be extended to other products as well. As to this policy he said that this way farmer will be able to receive their money quickly after their products are sold on IME and the remainder (the difference between the price discovered on IME and the supportive price) will be paid when the resources are provided by the government. In the end, he insisted on the fact that agricultural products are not needed to be necessarily offered in supportive price policy on IME. Such products could be also offered on the exchange using regular method and consequently get benefited from the advantages of modern ways of trade which are common worldwide.



400 Foreign Companies Active in IME's Export Ring

Iran Mercantile Exchange Chief Executive Officer informed about the participation of 400 foreign companies in IME's export ring. Hamed Soltaninejad stated that IME customers typically tend to apply for intermediary products, he said: "There are 4000 active customers in the local customers' list and over 100,000 customers have been registered in IME." He continued: "IME customers are mostly active in various fields, such as petrochemical, industrial, mineral, and agricultural products." IME Chief Executive Officer informed about the participation of 400 foreign companies in IME's export ring and said: "These companies purchase oil products like bitumen, Sulfur, and etc. from IME's export ring." Soltaninejad explained: "Considering the high risks in the bilateral contracts between Iranian and foreign traders, they prefer to benefit from a prepared trading platform which has risk management; thus, IME could be just what they seek for." Regarding the effect of big political debates and variables on IME's performance, he stated: "In the year 1395, IME managed to gain 81,700 billion Tomans in the Iran Mercantile Exchange and commodity-based securities in spite of all the political problems; this apparently broke the record of IME's performance in Iran's economy in the

IME CEO that mercantile trades own over which is an unprecedented "The present in IME can not the international also assist Export." He clarified: exchange is appropriate



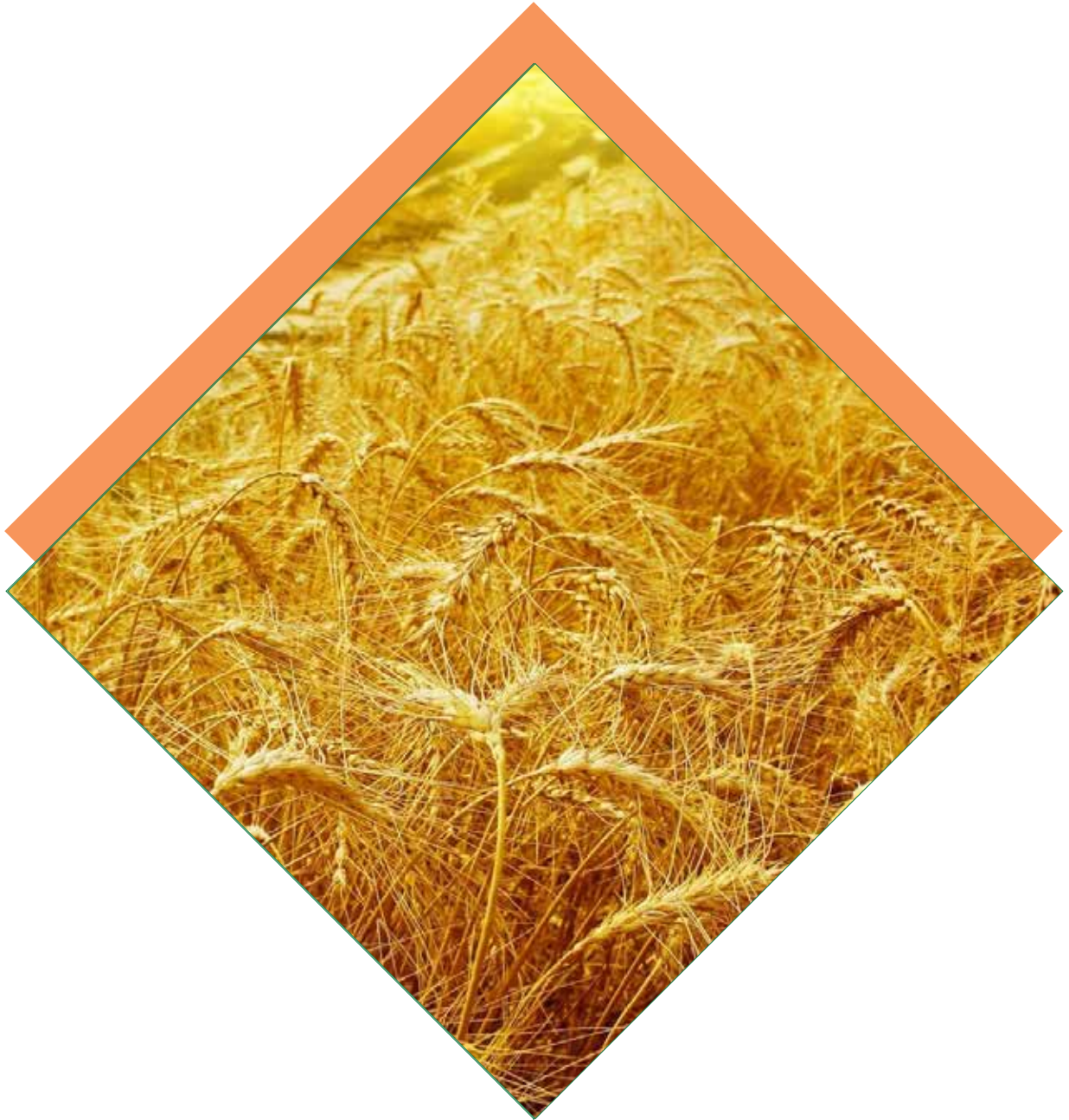
last decade." mentioned exchange 6.5% of GDP incredible and figure, he said: infrastructures only simplify business but Minus Tipping "Mercantile a clear and platform for

exporting products in the international markets; moreover, it appears to be effective and useful for importing products and market regulation policies. Consequently, we can be assured in this way that we will not encounter any problems or shortages in regard with the basic products in the country in the future." IME directing manager added: "Long-term contract trades and forwards contract trades can be appropriate alternatives to regulate the market."

Soltaninejad stated: "I am convinced that we will be in the safe side or receive the least impact from the effective variables in the political area if we manage to regulate our local market correctly and firmly and have strong ties with our neighbor countries in the commodity market." He emphasized: "If we put the basis of our trades and economy on strong infrastructures, they will not be easily shaken or affected." In the end, IME CEO said: "IME has not received even the least negative impact as a consequence of Trump's speech, and I suppose nothing will happen in the future either."



IME's Agricultural Trading
Floor



President Rouhani's Insistence on Modifying Guaranteed Purchase Policies Government's Dues to Farmers, a Big Dent to Country's Budget



Underlying the vital role of farmers in provision of food for the country, president Rouhani said that in case of food insecurity the society will suffer irreparable mental health problems and the country will be exposed to serious issues. According to a report quoting the president's official website, Dr. Rouhani said at the fifth national congress of the house of farmers that fortunately within the last five years Iranian farmers have had a lot of success. He added that we need to promote sustainable agriculture and farming to preserve our soil and water as the two main pillars of agriculture. Criticizing roundly the way we treat our resources, Rouhani said that we do not value enough our rich and fertile soil as we have always been bestowed with plenty of that. He insisted that we have to preserve it and prevent it from corrosion. He reiterated that the 11th government has been always supporting agriculture

and farmers and the guaranteed purchase policies is an example. However, it should be taken into consideration that government's aids to farmers should be sustainable as well and it takes good management. He continued that although most governments pay subsidies to the agriculture sector to support the farmers, such support should be managed in order not to cause them fail in maintaining the competitive advantage in global and regional markets. The president remarked that Iran's agriculture sector have achieved a considerable success within the last 4 years with 21 million tonnes of increase in its production reaching from 97 million tonnes to 118 million tonnes. Thank to such efforts the balance of trade in agricultural products has shifted from minus 8.1 billion dollars in 1392 hijri year to minus 3.09 dollars in 1395 hijri year with our imports of agricultural products

decreasing from 13.4 billion dollars in 1392 hiri year to 7.2 billion dollars in 1395 hijri year. Dr. Rouhani added that the achievements in agriculture sector is what the government is proud of but the government will not be able to go on with such approach to supporting this sector for long as the governmental aids to the sector are not limited to that. The government is also providing this sector with machineries and equipment for agriculture, irrigation canals, and drainage systems. He put finger on the role that the house of farmers can play in helping the government to find optimal ways spending financial aids that the government provides for this sector. He said we need to direct such aids so that they are paid based on criteria such as low levels of water, herbicides and fertilizer consumption as well as productivity. He, then, said that the policies of guaranteed purchasing go back to 28 years ago and we cannot follow them any longer. Dr. Rouhani also mentioned that agricultural practices should be done in such ways that do not harm the environment. We need to have a comprehensive approach towards agriculture and farming as we have been experiencing drought for more than 15 years and we are facing harsh climate conditions. That's why we need to prepare ourselves for a fundamental revision of our views and practices. As to Iran's agricultural production Rouhani also mentioned that on one side they should be competitive regionally and globally and on the other we need to pursue seriously overseas farming so that we can produce in foreign countries products with no advantage of being produced in Iran. He added that wheat is an exception as it is a strategic product and we need to produce it within our own borders at whatever cost. He finally added that we need to take advantage of social media the virtual world

in distribution of agricultural products so that unnecessary middlemen are eliminated, resulting in lower cost of production and a bigger share of earnings for the farmers.

A New Directive Issued by Ministry of Agriculture Jihad: **Negotiated Pricing for Saffron on Iran Mercantile Exchange**



Deputy of Commercial Development and Agricultural Industries of Ministry of Agriculture Jihad announced that saffron will be traded through a negotiated purchase mechanism using the potential of commodity-based certificates of deposit on IME. Based on the above-mentioned directive, either of the following scenarios will be forced into effect between 24 October 2017 and 24 November 2017 to purchase saffron from farmers. The first scenarios goes that the Central Organization for Rural Cooperatives of Iran will pay 40% of the value of saffron to the farmers and will offered the purchase saffron on IME in order to keep the international reputation and status of Iranian saffron. The remaining value of the purchased saffron will be paid to farmers after the products is sold or from the facilities specified to guaranteed or negotiated purchasing. In the second scenario saffron will be purchased using the method of trading certificates of deposit on IME.

Saffron comes in 4 categories concerning the price of product: Negotiated prices are 54 million IRR for Negin, 51 million IRR for Sargol and 48 million IRR for Poushal (Grade 1) and 43 million IRR for Poushal (Grade 2). Within the second scenario, the Central Organization for Rural Cooperatives of Iran is obliged to pay for 30 percent of the certificate of deposit issued for the farmer based on the regulations of the exchange. The remaining 70 percent of the product will be stored in warehouses for 3 months by the agent with the farmer paying the warehousing costs. In case the farmer does not manage to sell that 70 percent on IME, the minimum negotiated price will be calculated for it and will be paid to the farmer based on the regulations of the exchange. In line with this plan, there have been two warehouses listed on IME in cities of Mashad and Torbat Heydariyeh. Also, IME is providing the necessities of the plan in order to facilitate the whole project for farmers in the hope of more transparent trades, fair prices, and lower trading costs for saffron.



Through IME, Government is Budgeting the Purchase of Agricultural Commodities

During the press conference, the chairman of the Securities and Exchange Organization (SEO), briefing the general measures taken over the past 17 months in this institution, pointed to listing agricultural products and strengthening the supply of these products through IME as the fifth important action taken in the capital market. Shapur Mohammadi pointed to positive actions taken on IME and said: implementation of the supportive price plan for wheat and amending the policy of guaranteed purchasing price is one of the most important measures in IME, so that replacing a guaranteed purchasing policy with the supportive price plan is one of the measures which can help to flourish IME and liquidate agricultural sector transactions. The SEO chairman stating other benefits of offering the entire stock of wheat on IME through the implementation of the supportive price policy said that the government could use this policy to control and regulate its budget, so that the government instead of paying the total credit for guaranteed purchasing policy from the treasury, can pay a part of the cost of guaranteed purchasing policy related to the difference between the base price and the price traded on the IME; it is a great help to reduce the

financial burden of the government. Emphasizing on the implementation of the supportive price policy for wheat on IME as a positive policy by the government, he said that in line with this policy the law on increasing agricultural productivity was approved and that members of Parliament are emphasizing on its implementation. The SEO chairman pointed to the several-fold increase in the trade volume of wheat on IME over the past few years, and said: "We hope that this upward trend will continue, and we will see the growth of agricultural trade, including wheat, on IME next year." Mohammadi also referred to initiating the trade of pistachio and saffron on IME and said: "Agricultural sector transactions along with oil and petrochemicals products are currently in a good position, and in general, IME's transactions have grown significantly and it can be continuous. He added that agricultural commodities are of particular importance in global commodity exchanges, including the trading of products such as maize, barley, wheat, and cereals and non-cereals. In this regard, IME also has a good performance over the last three years and can be further developed.



Deputy Minister of Agriculture in the Field of Gardening stated:
**IME's Mechanism has Caused Transparency in Dates
Prices**



the smart plan of aggregation, social problems will decrease, and due to ownership variety, this system can be quite practical and result in farmers' gathering and unity and also a great deal of blessings."

He emphasized on the importance of maintaining and training the new irrigation systems' beneficiaries and added: "This year, 3000 billion Toman credit has been allocated for high pressure (intensive) irrigation of farms; this opportunity must be seized and used efficiently."

In regard with gardens' modification, Deputy Minister of Agriculture in the field of gardening said: "900 thousand hectares of the farms in the country are currently managed traditionally; this must be modified and reformed gradually."

Deputy Minister of Agriculture announced that 3000 billion Toman credit has been allocated for high pressure (intensive) irrigation of farms, he also stated: "The government provides facilities and loans with the value of at most 100 million Tomans with only 6% interest for small greenhouses development."

Mohammad Ali Tahmasebi said: "Using



He also added: "Many gardens have malnutrition and are pest up now; they have high maintenance cost and low income which must be modified and solved as an issue."Tahmasebi mentioned that there is no limitation for giving facilities related to greenhouses development, he declared: "1 billion Rials loan with only 6% interest is given by Omid Entrepreneurship Fund to develop small greenhouses."Deputy Minister of Agriculture in the field of gardening referred to the fact that the Ministry of Agriculture supports producing, processing, and trading dates, and also announced: "Loans are provided to the people who are active in this field in two different ways; firstly, exporters can benefit from this loan 48 hours after their nationality and identity's being confirmed; secondly, Iran Mercantile Exchange is the other source which can cause price transparency."Tahmasebi declared: "Suitable plans have been used to fight against date production chain; besides, a research and development plan has been carried out for date dryness in the last three years; its results will be revealed and published in the near future. He added: "There are also proper facilities for mechanization. Qanat water could be used for winter farming, and in case there are few fields for farmers, we can provide them with appropriate lands."

Deputy Minister of Agriculture: Sales of Domestic Wheat through IME Next Year

Deputy Minister of agriculture said: "The domestic wheat will be sold through IME's trading board in the next year." After visiting the Media Exhibition, Yazdan Seif (the deputy minister of agriculture) said: "The domestic wheat will be sold through IME's trading board from the next year. This means that flour manufacturers firstly purchase their needed wheat from IME, and then the government pays the difference in the paid amount and also the official rate to the farmers. Therefore, the wheat purchase scenario will change from the guaranteed purchase to guaranteed price based on the expertise studies and the law of increasing productivity. He referred to this point that "the sales of agricultural products through IME have been practiced for wheat and barley in the last three years" and said: "Since this plan has been successful for the two mentioned products (wheat and barley), it seems as if there will be no problem to sell wheat in this way. Furthermore, the essential precautions have been considered to encounter the possible threats to this plan." Deputy Minister of agriculture continued: "The practice of this plan can lead to transparency in sales & purchases, high pace in paying to farmers, private sector's entrance to the logistic of wheat market, and also an improvement in the wheat quality. In fact, the government is in charge of buying wheat from farmers according to the laws; as a result, if the product is not sold in IME's trading board, the government has met its legal duties."







IME's Spot Market



Could Iran Become one of the Superpowers in Steel Industry of the World?

Steel Market Revival through Channel of Export

Steel market demonstrates new statistical figures in the global steel association; it presents that the steel production has managed to reach 16,230,000 tons from January to September of the current year and has won the 12th place in steel production in the world. Apparently, the country's steel production was 17,895,000 tons in the last lunar year which placed Iran in the 14th level in steel production.

It could be said that Iran has experienced a considerable growth in the current year (the gone 9 months of the year) due to the global steel production decrease; this means that Iran has been able to produce the same amount of steel that it had produced in the whole 2016 in these nine months. Statistics show that our steel production has had a 30% rise in this year in comparison with the same period in the last year which is quite noticeable.

In this regard, the global steel association has predicted that in addition to Iran, MENA region will have a great growth in steel production in the forth-coming 3 months of the year. MENA region has managed to produced 6/75 million tons of steel in September, and over 30% of this production belonged to Iran. As a result, the increase rate in steel production in MENA region was 19/42% while Iran's steel production growth rate has been announced to be 40%. In general, all the countries which are MENA members have experienced some sort of production increase in this period except Saudi Arabia. Market participants and steel industry analysis demonstrates that the high steel production is as a consequence of the improvement of this product's export

to other countries. However, Turkey's steel production rate still has a better growing trend than Iran; the steel production of this country has been announced to be 3 million tons in September which shows a 13% rise in comparison with its production in September 2016.

The analysis of these statistics also clarifies that Saudi Arabia could only produce 456,000 tons of steel in this month which is 1/08% less than its production rate in September 2016. According to production analysts, reliance on manufacturers' export has had a key role in Iran's steel production increase. Having a look at the export trend of steel and steel products, we notice that Iran's steel export has a more drastic growth every year. For instance, Iran's steel export grew from 3/5 million tons to 5/8 million tons in the year 1395; in the beginning 6 months of the year 1396, this figure was announced to be 4/2 million tons. Thus, it could be claimed that the prediction of 8 million tons of steel export for the year 1396 is not farfetched or out of mind.

Economic experts believe that a country's stability in economy could be improved and guaranteed by an increase in its export; this has been correctly presented in our country in the recent years. Studying the economic status of Iran in the 10th government and the current government's attempts to prevent the country's economic slump due to its previous drastic economic situation, it could be seen that although many important companies were expected to go bankrupt because of the market downturn, production did not have a serious decrease fortunately thanks to the preparation of



suitable export substrates. The current good export condition not only has had many economic advantages but also has helped many steel manufactory agencies to get rid of the potential significant challenges which used to threaten them seriously. This is while many participants of this industry believe that the target subsidies plan which initiated in the year 1389 has had drastic negative impacts on these industries

The country's steel industry sanction was the next problem facing this industry; however, as President Rohani's government took power, appropriate actions were taken to strengthen exporting system, and the west's sanctions were removed, a proper condition appeared in which this industry managed to pass the third phase of its industrial destruction, so they did not stop the production thoroughly, instead they sold their extra products to the foreign customers. It is foreseen that Iran must reach 55 million tons of annual production in the year 1404; 60% of this target capacity has been exploited so far. Nevertheless, there are still people who criticize all these changes and believe that the steel export has done harms to the local production, or even 55 million tons of steel production is not good news for Iran's economy. According to the Minister of industry, mines, and trade of the 12th government, the per capita consumption of steel must reach 500 kilos, and this, in case of happening, can contribute a great deal to the steel industry advancement and whole economy's coordination..

People who agree with steel products' export also believe that the government must consider some facilities for the manufacturers who are export-centered. Iran's steel industry unfortunately did not have accurate policies for exporting; there have always been some serious obstacles

in this industry, such as banking challenges and problems, challenges resulted from currency exchange rates fluctuations, and also lack of any united export association. The 11th government and now the 12th government have made significant efforts to improve steel export; however, some special actions must be taken for stable and assured marketing.

Simplifying and improving the development of private steel exporting associations, government's political and financial support, benefiting from these associations' effective consultancy, setting exporting awards, simplifying steel export in ports and customs, marketing and entrance mechanism into international markets trainings for potential exporters, simplifying the procedures of participating in effective international exhibitions for exporters, considering all the tax exemption conditions for the exported products, and etc. are all the essential actions which must be taken into the account in this course. This issue is of high significance as the local market is still suffering from a slump.

Right now, the local steel market does not have a satisfactory condition; in other words, the demands are still low and prices go through lots of ups and downs due to the fake markets. This is while we see actual demands or serious initiation in this market neither from housing & estate area nor in developmental budgeting. Simultaneously, steel prices have had a 70% rise in the creditable global markets in the last two years which has provided the country with valuable opportunities. Steel market participants believe that the chances are very low to have a serious change in the market's condition up to the end of this year, so the main focus must be on improving the export capacities considerably.

Advantages of Steel Supply Chain Completion in IME for Upstream and Downstream Industries

IME Chief Executive Officer insisted on the necessity of supplying all the steel chain in IME and said: "It would be possible to consider the upstream and downstream sectors' benefits and discover the appropriate price if we supply the production chain completely in IME."



Hamed Soltaninejad emphasized that their main target is to supply all the steel industry chain in IME and stated: "IME can provide a great chance for a transparent and clear competition."

IME CEO added: "In fact, IME is a tool which helps to discover the products' real prices; besides, supplying all the steel industry chain in IME can cause clarity in all steps of a trade."

He remarked: "Thus, it would be better if all the steel chain is supplied in IME since partial clarity in the production chain structure is not to the benefit of the whole industry. All the chain must be transparent and the price discovery must be clear; these important goals could be achieved only through IME."

According to Soltaninejad, Transparency is not just for the upstream industries; however, it must be considered in the downstream production procedures, as well."

IME CEO also continued: "A good market has been formed in steel area thanks to the success of some various projects in the recent years. Nevertheless, Price issue is still an area of concern in Iran's steel industry. Upstream

and downstream industries have different views about prices; the whole production chain supply in IME can put an end to this challenge and discover the real price in the market, though.

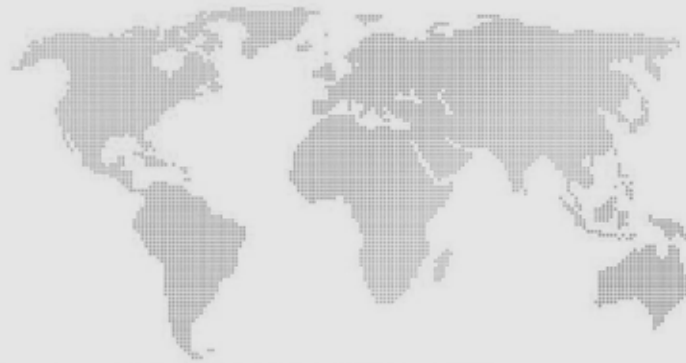
He referred to the economic activities' transparency through IME mechanism and said: "If we want to be clear in the export field, we shall have a clear import system. In addition to these, the methods of setting prices and allocating the importing products must be determined and clarified; it is worth mentioning that these targets are quite achievable and practical in IME."

IME CEO referred to one of the most significant IME functions which can increase the steel industry's efficiency and stated: "One of the most important advantages of supplying products in IME is the development of allocation function."

Soltaninejad added: "Now, it is not clear how products are specified and allocated to the downstream industries when there are bilateral trades in exporting filed or local trades; however, in IME trades, the specification function takes place, and it is in direct relation with the price. What is important to notice is that efficiency is accurately gained in price and practicality only when all the supplies are for a demand."

He mentioned that steel products have been supplied in IME in the recent years and continued: "It is possible to provide benefits to

both upstream and downstream sectors in IME, and an appropriate model for price discovery could be found through an intermediate method in which the advantages of both sides are seen.” IME CEO remarked: “It is a while that long-term contracts have been considered in IME, so it is quite possible to sign long-term contracts both in internal and international cases and procedures, such as exports and imports.” Soltaninejad emphasized that supply constancy is of high importance in addition to the completion of product supply chain in steel industry; he stated: “In IME, we have a chance to see each other’s performance; this means that there will a competitive atmosphere and environment in which others’ performance could be seen and evaluated.” IME CEO insisted: “In steel industry, we have no other choice but to complete the supply chain and have supply consistency.” According to this report, basic products’ provision in IME has led to economic transparency has prevented rent, exclusiveness, and any abuse. Consequently, there is no doubt that the people and groups who are used to rent try to cause problems for the plans which cause economic transparency.” If the products are supplied in IME, the end users can purchase their basic materials easily and with peace of mind; therefore, there will be no room and chance for rent seekers and unnecessary middlemen. Some of the products which are supplied in IME include: petrochemical, agricultural, oil, and mineral products.



Deputy Minister of Oil:

There will be a Decrease in Customs Duties for Some Petrochemical Products Exported from Iran to Turkey.

The customs duty for some of our petrochemical products exported to Turkey will be decreased. Marzieh Shahdaee, the deputy minister of oil, in the 29th petrochemical industry directing managers' assembly and on the 10th of Aban (today) said: "Petrochemical manufactory companies are well united in this industry which could be a great advantage and opportunity to be used for developing this industry." Deputy Minister of Oil drew the attention to this point that the future of the country's economy depends on the development of petrochemical industry; she continued: "The development and stability of this industry is much dependent on the international conditions and relations and also the government's legal supports. Shahdaee congratulated Mr. Norouzzadeh on being chosen as the deputy minister of Oil in petrochemical affairs and said: "Considering the little experience I have gained through working in this industry, I do recommend him to take the most

possible advantage from this unity that currently exists between the private and governmental sectors in petrochemical industry." She emphasized that we are living in a competitive world today and explained: "To take over the international markets in petrochemical industry, all companies must act integrated and aligned." Deputy Minister of Oil referred to the Islamic Republic of Iran's exclusive exhibition in Turkey and added: "Along with this exhibition, there have been some negotiations between the adviser to the ministry of industry, mines, and trade and Turkish authorities over the export customs duties issue for the country's industries; as a result of these negotiations and on their basis, a new agreement will be assigned with an attachment of customs duties for petrochemical products. According to this agreement, the custom duties of most Turkish petrochemical products, except two products with special grades, will be decreased.



A New Directive by "National Competition Council"
Stipulates that Vacuum Bottom Will Be Offered on Iran
Mercantile Exchange Based on Free Exchange Rate for Dollar.



In line with the new decision by the Competition Council it was agreed that a guideline be prepared within a month in order for vacuum bottom to be offered on the Iran Mercantile Exchange in compliance with the necessities of long-term contracts According to section 5 of article 58 of the law of implementation of general policies of principle 44 of Iran's Constitution and in line with plans of National Competition Council as to market conditions assessment for bitumen and vacuum bottom, it was decided that in order for vacuum bottom to be offered under uniform procedures by all refineries on IME, a guideline be prepared to be submitted to Competition Council with principles of enhancing transparency, better conditions for competition, long term contracts requirements and the exchange rate stated by "Sena System" of Central Bank taken into consideration.

It is estimated that Iran exports 3 million tonnes of bitumen and its production using vacuum bottom as the feed material is an attractive business as it could be started for a relatively small outlay. In the meantime, for such businesses the price of vacuum bottom is calculated based on the official (subsidized) exchange rate for dollar, giving them a considerable advantage, as they sell the manufactured bitumen based on the free exchange rate for dollar. Given that, the market of bitumen is experiencing a false demand created by the difference between the two exchange rates mentioned above, distorting the balance between supply and demand with adverse effects on competitive atmosphere of the market. In view of that, IME seems to be a logical solution to escape the harms threatening the bitumen market.



IME's General News



CEO of IME Invited All the Experts and Commentators for Cooperation.

Capital Market has Initiated Some Actions to Identify the Capacities of Electronic Cash.

IME formed a working committee to study and analyze the capacities which could be provided to the Capital Market by Bitcoin. IME directing manager invited all the experts and commenters to cooperate with them in this project. An article on the subject of “peer to peer electronic cash system” was published on the 31st of October, 2008 which could be considered as the Bitcoin manifest. The article writer used a Japanese nick name as “Satoshi Nakamoto”. The real person or people who are beneath this name are still anonymous. Initially, many people believed that this person could not be Japanese due to his perfect English knowledge.” Some other people found a Japanese-English person with this name; however, that person rejected the idea of being the pioneer and inventor of Bitcoin. There are still doubts and predictions regarding the real person behind Bitcoin and the inventor or inventors are still officially unknown. However, it was stated in a joint study in December of 2015 that an Australian computer engineer and trader could be the real inventor of Bitcoin. This information was approved by BBC and some conspicuous members of Bitcoin association. Three days after these researches, an Australian engineer approved of this claim and disappeared since then. In spite of all these remarkable stories, Bitcoin as the first electronic cash is now developing and promoting in the world’s market; although this currency has encountered many challenges since its appearance in the markets, it has high popularity, value, and acceptability. The value of each Bitcoin in yesterday trades in \$7000 is equal to 28 million tomans. The value of this currency used to be less than \$100 in only some years ago. 16 million Bitcoins have been produced

in the world so far and its general value in the market has reached one billion dollars. Some analysts foresee that the value of each Bitcoin will hit at least \$500,000 in the year 2025. This currency uses modern digital tools and works with block chain technology on some platform servers known as “time seal servers”, work witness, and network. This means that there are Bitcoin develops a chain of digital signatures and the owner of this digital signature can do the financial transaction. Block chain system actually does the currency purchase and sale chain work, and when somebody does purchase, his digital signature will be added to the end of the coin. The cash receiver can check and study the signatures to ensure and confirm his ownership chain.

Who uses Bitcoin?

Although Bitcoin has many enemies, it is currently used in many countries and is predicted to become one of the most powerful currencies in the world. Right now, Stony is the biggest user of this currency, and some other countries, such as Sweden, Denmark, South Korea, Netherlands, Fenlands, Canada, Australia, and England have accepted this currency officially. Lately, the USA has also joined this family, and Russia also intends to use this immediate currency to prevent from America’s sanctions which are all in dollar. China had prohibited using this currency before, but now it has started considering



some new advantages for its user due to the pressures coming from the increasing numbers of trades with this currency. Since Yuan value decreased, Chinese traders decided to use this currency. In the recent months, the Chinese government has decided to support this currency more so that people could confide in it. These days, about two million users are using Bitcoin in China. Lately, there have been some rumors about a Swedish company using Bitcoin to invest in IME. This Swedish Company is named Brave New World Investment and allows the international investors to invest their money in IME without having a bank account in Sweden.

Initial Attempts in Iran

Although Bitcoin is getting world spread, there is no alternative in Iran to use Bitcoin in trades. Recently, Head of the Central Bank informed about some initial studies being carried out on this issue, yet he provided no more details in this regard. Yesterday, IME directing manager notified that a comprehensive plan has been started to analyze the merits of Bitcoin in Iran's industry. Hamed Soltaninejad who is going to publish his own article on the religious issues related to Bitcoin in a creditworthy scientific journal announced: "A working workshop will be developed to analyze the features of using Bitcoin in IME in the near future, and I invite all the experts and commenters to cooperate with IME in this regard." Regarding the necessity of studying the aspects of Bitcoin, he said: "Bitcoin will continue to spread, and it is inevitable for us to get to know it better before all financial transactions are directed towards Bitcoin. That is why I suggest having a working committee to study and analyze all Bitcoin aspects in the Capital Market with the presence of all stocks." He mentioned that IME definitely needs

to do studies in this regard and said: "We intend to find out Bitcoin's probable and possible impacts on our industry." We asked Mr. Soltaninejad whether IME trades were going to be done in Bitcoin, and he explained: "We are just at the beginning of the way, and we shouldn't forget that IME is not in the position to confirm Bitcoin officially and act as an independent organization since the Central Bank is the official authority to set such rules and regulation; IME does not have such an authority." IME CEO continued: "We are supposed to analyze the consequences of Bitcoin trade spread and its effects on IME and Capital Market industries." He insisted that other industries' economic participants must also do these studies and said: "Whether a financial system is officially confirmed or not does not affect its functions and cannot stop its work; people will use it if they feel they need to do so; thus, it is inevitable and irresistible for us to get to know this system before all financial transactions are directed towards it without us having any control on it." He said that tools and devices quickly get widespread due to the Social Medias and continued: "If we turn a blind eye to this issue and say that Bitcoin must not be used as it is not an official currency, nothing will be changed or solved. The fact that we have nothing to do with this currency does not mean that it will not come to us." He referred to the religious aspect of using Bitcoin and said: "I have studied the religious issues related to Bitcoin usage and my article on this subject will be published in a scientific journal soon. In fact, the findings of this study demonstrate that using this currency matches Islamic rules. As it meets people's needs and gives them benefits, it does not contradict our religious rules and beliefs."

Directing Investors' Resources to Capital Market through a Commodity-Driven Approach

CEO of Iran Mercantile Exchange stated that launching gold-based Exchange Traded Funds (ETFs) is an opportunity that can attract resources from investors with different tastes and different levels of risk taking and guide wandering capital with a commodity-driven approach to capital markets. During the ceremony of underwriting the second gold-backed investment fund on IME, Hamed Soltaninejad said today the second gold-backed investment fund in the capital market of Iran was launched by initiation of the underwriting the Zarafshan Omid Irannian exchange traded fund and in cooperation with Omid Investment Bank. He added that under the current conditions of the economy, the capital is moving towards commodity markets and funds, while the capital is being channelized through financial instruments into the capital market, one of which is the instrument of the certificate of deposit. CEO of IME said that the certificate of deposit market to boost requires market participants and market makers that ETFs play both roles. In line with that, this year, the first gold-backed investment fund was launched as the Lotus gold investment fund on IME, and today the second gold investment fund has started its underwriting. Pointing to the prepared infrastructure necessary to launch the gold-backed investment fund on IME, Soltaninejad said that the most convenient instrument for investing in gold is commodity funds, and given the fact that the global ounce price and currency exchange rate have an influence on this market, this instrument can be used to hedge currency fluctuations. Soltaninejad declaring that during flourishing periods the market makers can insure the market, said: At the start of launching gold coin future market in 2008, there were doubts about the possibility of developing this market, but today, its proper turnover shows that there is a high potential in the gold market and if the gold-backed investment funds bolster their presence, we will witness the capital market's enlargement.



Gold, an Appealing Commodity for Designing a Financial Instrument

Soltaninejad added that in the first place, investors must be present in order to create this market. To achieve this, it is necessary to take effective measures in the field of increasing the awareness, providing education and creating the culture for the gold market players. Referring to leverage in the financial market, along with instruments like Futures and Option, he said, over the past year, there were more than 30 million opening position for gold coins on the Futures market, indicating that there is a great potential in this market and good conditions to develop financial tools in this area. In addition, with the gold coin certificate of deposit, the possibility for online trading is provided for investors. CEO of IME further spelled out the possibility of creating portfolios consisting of combining financial instruments with assets such as gold and said that analysts can offer portfolios that consist of coin and stock market because gold has a negative correlation with many markets. He described the launch of gold-backed investment funds as an opportunity to attract investors with different tastes and different levels of risk taking, and guide wandering capital with a commodity-driven approach to capital markets.

Pooling of Small Capitals and Preventing Market Excitements

During the ceremony of underwriting the second gold-backed investment fund, the CEO of Omid Investment Bank, described the benefits of setting up the gold-backed investment fund and said that more financial institutions should enter this area and provide required infrastructure and facilities to have a diversified capital market for investors. Habib Reza Haddadi added that the increasing contribution of financial institutions in such funds will not only reduce the risk of investment but also provide the necessary diversification into the tools for investors.



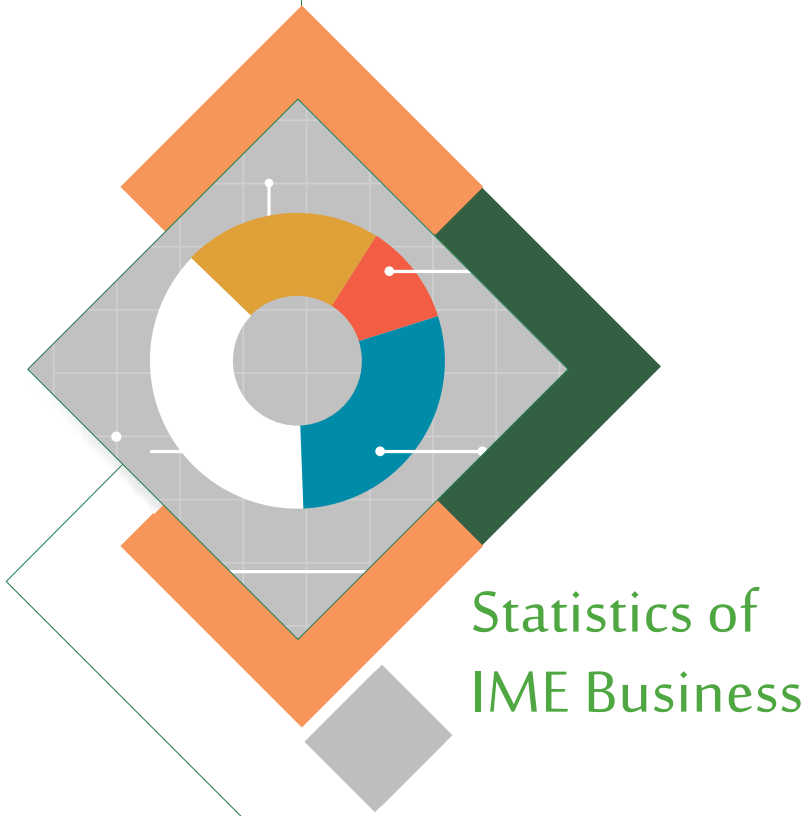
Strengthening Foundations of the Economy by Developing Financial Instruments

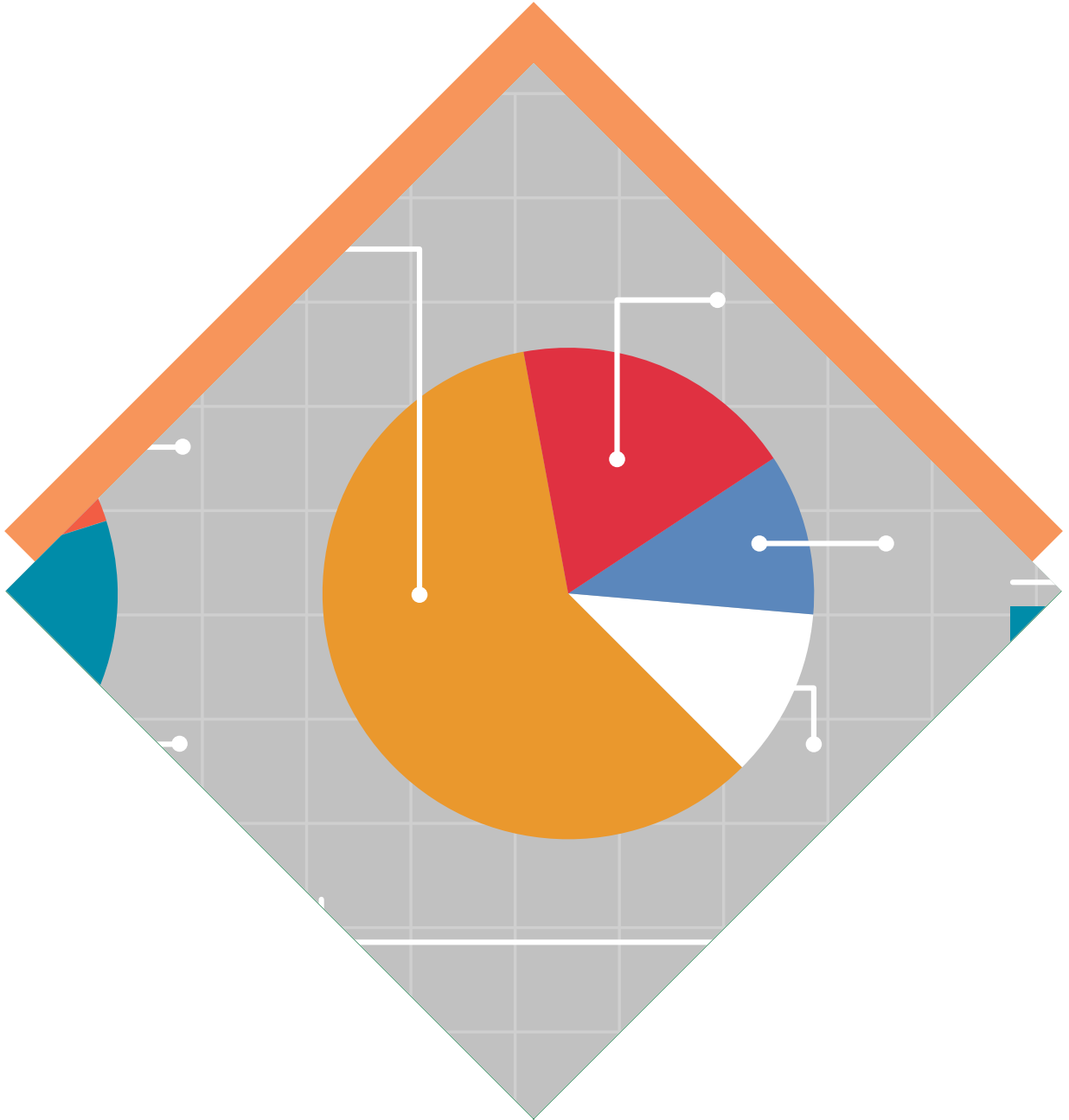
Haddadi declaring that the capital market of Iran, especially the commodity exchange, is still young said the more we move towards the development of financial markets, the more we can easily strengthen the foundations of the economy and stand our ground in the face of external shocks. Increasing the size and the tools available in each market is one of the most important factors for its development; therefore, establishment of such funds increases the size and improves the tools available on the market and are very suitable for its deepening. He also emphasized that the management of these funds is a professional and active management, and, while small resources are pooled in these funds, they avoid the market excitement. Another benefit of this kind of investment funds for the capital market is transparency. The price discovery for the commodity traded through funds is made more logically according to the number of players and the volume of transactions, and this price discovery is monitored by all market players. The CEO of Omid Investment Bank said that investment funds are under the supervision of the Securities and Exchange Organization and its financial and operational status is monitored and evaluated by the audit institutions in addition to the disclosure on the website.



Signing MoU between IME and Allameh Tabatabaie University

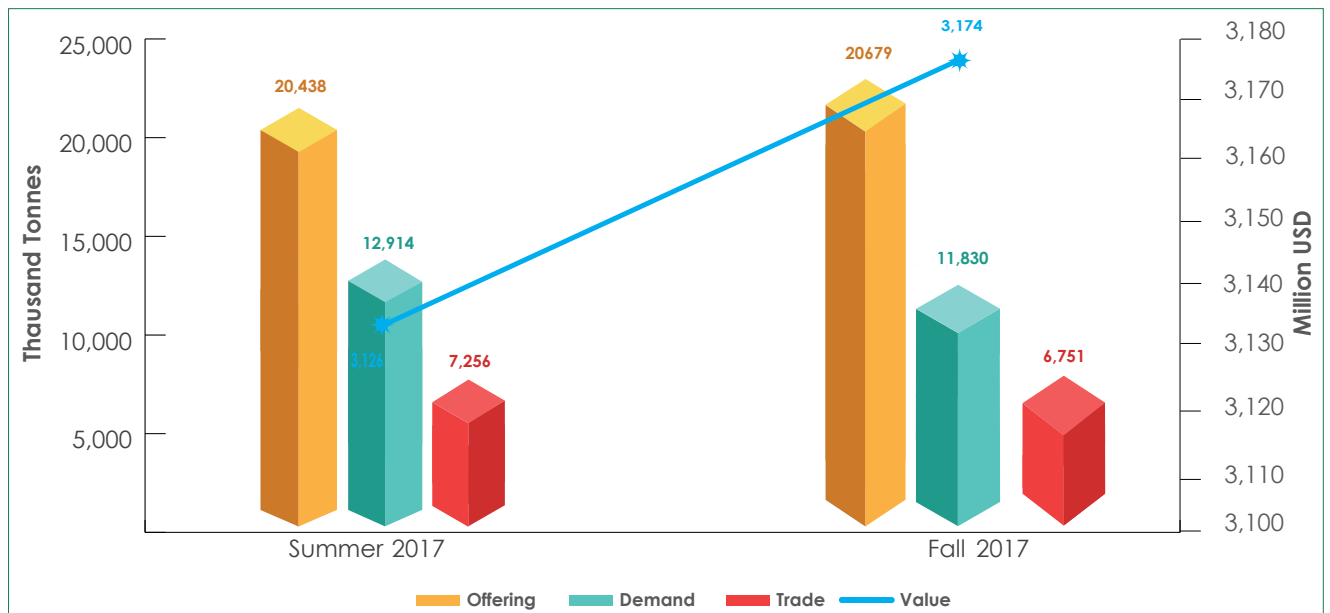
Aiming at improvement of the link between the economy and the academic sectors and in order to development of education and institutionalizing, a memorandum of understanding was signed between IME and Allameh Tabatabaie University. The ceremony of signing MoU between IME and Allameh Tabatabaie University was attended by Hamed Soltaninejad; COE of IME, Majid Eshghi; IME deputy CEO and vice president, Mohammad Eskandari; deputy of market development and economics studies, Habib Honari; deputy head of research of the university, Hasan Taei; head of the faculty of Economics accompanied by some other professors from the same academic group. At the beginning of the ceremony, expressing that IME has long sought an opportunity to engage in interactions with the academic area, Hamed Soltaninejad stated that, in line with this goal, the Allameh Tabatabaie University, the original source for humanities in Iran, would be in top priority and IME, being so young on the capital market of Iran, requires the use of knowledge and experience of academic professors. He pointed to a turnover of about 39 trillion Rials in derivatives markets on IME over the last year and added that the academic field could be the initial source for the market to be able to contribute to the country's economy in terms of hedging and fluctuations. Because few people have the required knowledge in the country and the academic atmosphere can be helpful in this regard. Soltaninejad said the aiming at improvement of the link between the economy and the academic sectors and in order to development of education and institutionalizing, this MoU was signed between IME and Allameh Tabatabaie University. At the end of the ceremony of signing MoU between IME and Allameh Tabatabaie, Habib Honari; deputy head of research of the university said that one of the initiatives of Allameh Tabatabaie University during the past few years has been the launching of research nuclei and growth centers that enter specialized fields, carry out research and study activities, and implement programs such as writing articles and translating foreign articles. According to him, the approach of Allameh Tabatabaie University is that the theoretical discussions provided to students are also applied in practice, in which they have been set up training courses in order to learn skills needed to enter the labor market besides the theory of materials.





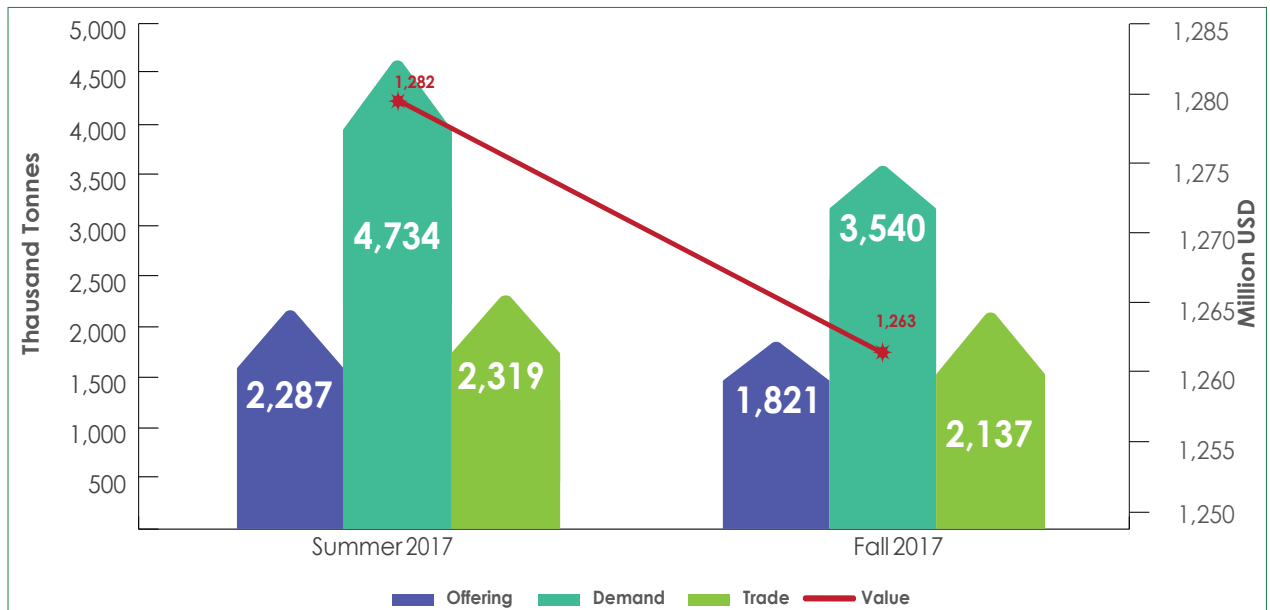
An Overview of IME's Physical Market

Within the third quarter of 1396 hijri year (23 September – 22 December, 2017), IME saw trade of a total 6.7 million tonnes of commodities on its physical market, the value of which stood at 3,174 million USD. The figures show an upward trend as compared to the second quarter of the year with a 7 percent decrease in trading volume and 2 percent growth in trading value.



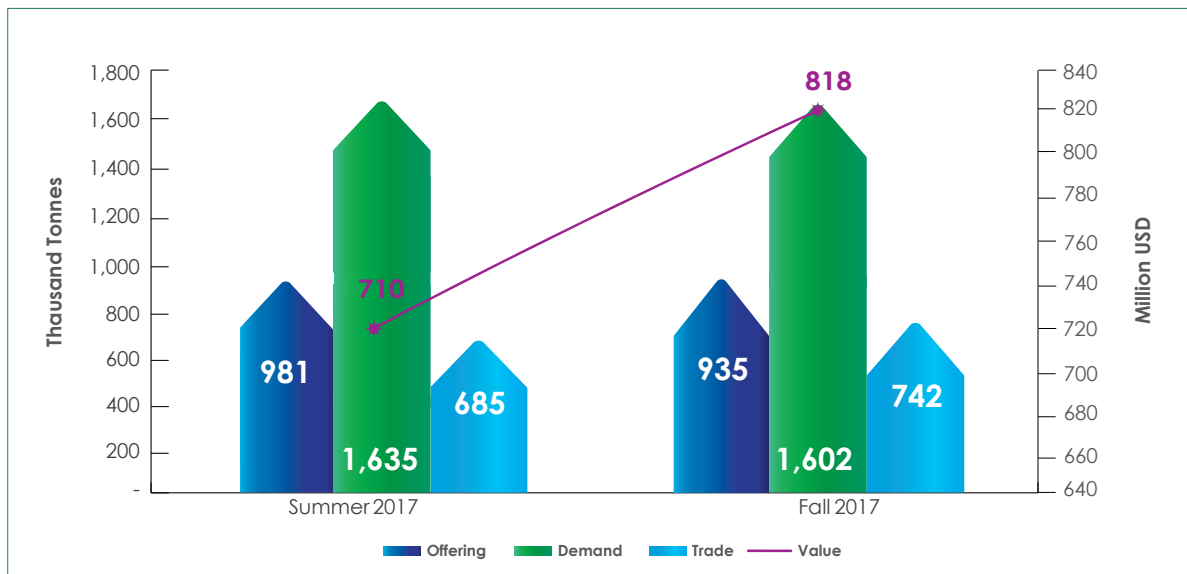
Industrial Products

Among the whole commodities traded on IME's physical market, industrial products occupy the highest place with a trading volume of 2.1 million tonnes valued at 1,263 million USD in the third quarter of 1396 hijri year (23 September – 22 December, 2017), showing 8 and 1 percent of decrease in volume and value respectively as compared to a 3-month period before that.



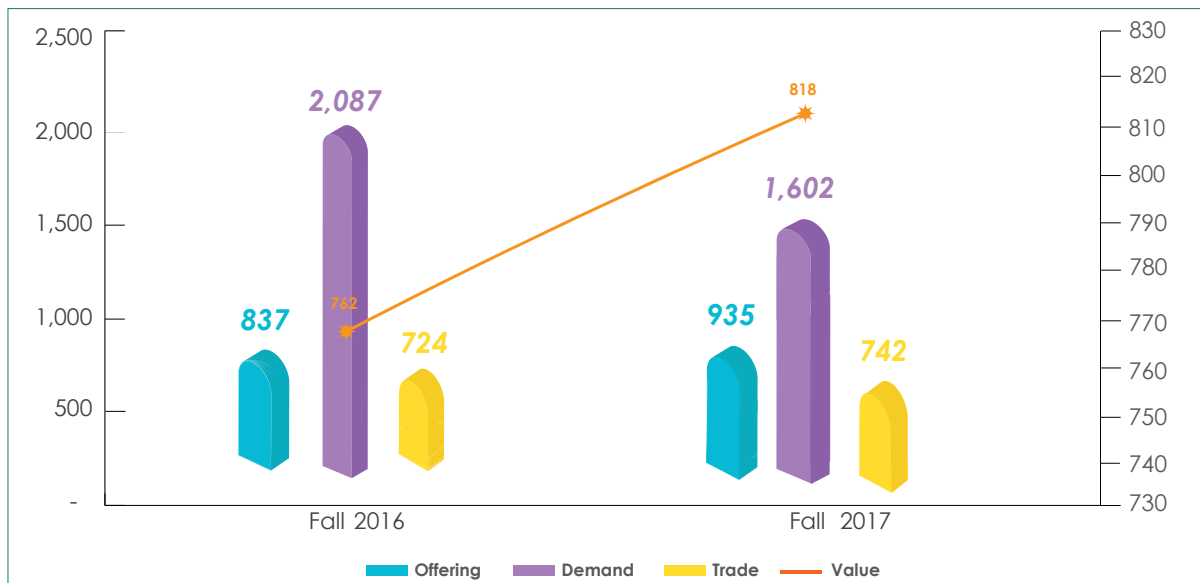
Polymeric Products

In the 3rd quarter of 1396 hijri year (23 September – 22 December, 2017), volume and value of trades on IME's physical market for polymeric products stood at 742 thousand tonnes and 817 million USD respectively, witnessing an increase of 8 and 15 percent respectively comparing to the 2nd quarter of the year. Dollar's price rallies and the rising expectations of base prices within this period are considered to be the reason for the boost in volume of trades for this market's commodities.



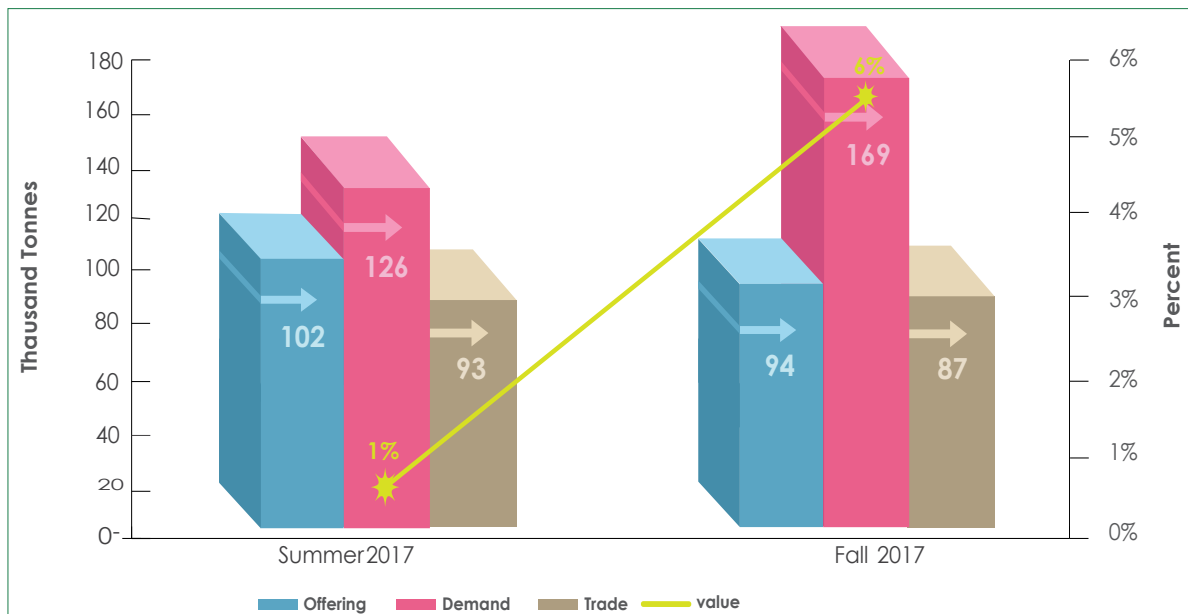
Polymeric Products

Moreover, comparing volume and value of trades between the 3rd quarter of 1396 hijri year (23 September – 22 December, 2017) and the same period in the previous year reveals that while trades saw a mere 2 percent increase in volume, due to base price growth, value of trades went up by 7 percent.



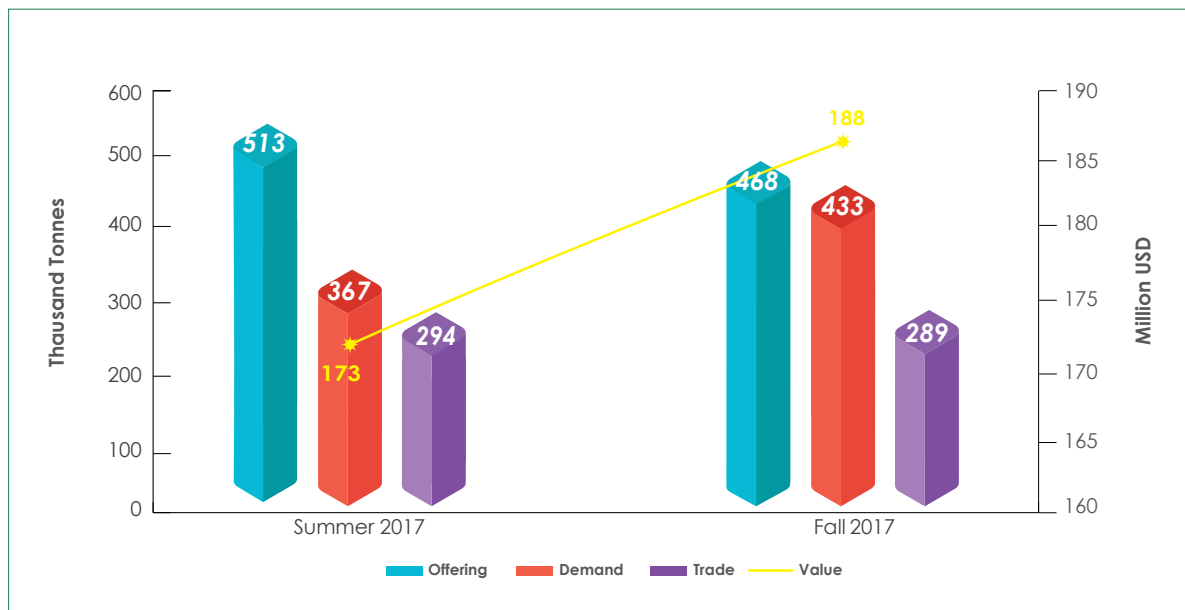
Polymeric Products

Among the polymeric products traded on IME, PVC grade S65 is the product with the highest demand. The chart below demonstrates trades of this product during summer (22 June – 22 September, 2017) and fall (23 September – 22 December, 2017) of the current hijri year (1396). Demand for this product has been increased 34 percent. This product in the 3rd quarter of 1396 hijri year has been traded in weighted competition price average of 6 percent.



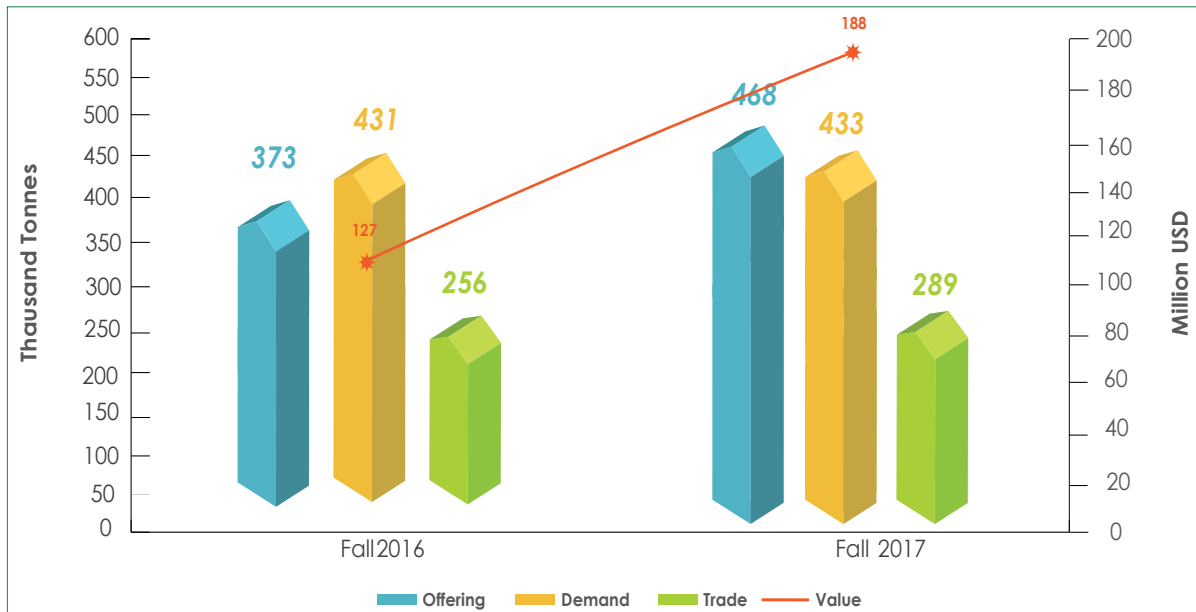
Chemical Products

Within the 3rd quarter of the current hijri year, IME traded 289 thousand tonnes of chemicals valued at 187 million USD, showing 2 percent decrease in trade volume and 9 percent of growth in trade value in comparison to the second 3 months of the current hijri year (22 June – 22 September, 2017).

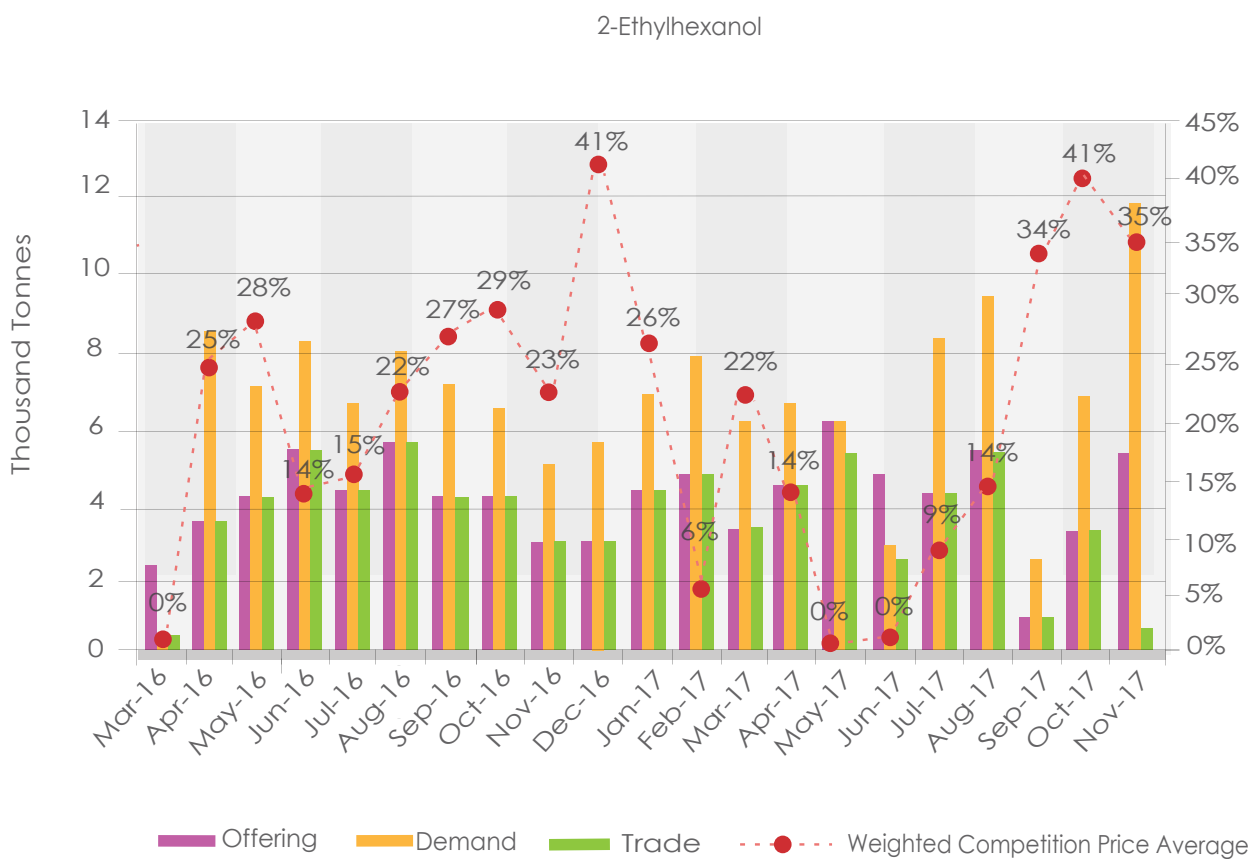


Chemical Products

As to the same period in the previous hijri year (23 September – 22 December, 2016), volume and value of trades shows 13 and 48 percent of growth respectively.

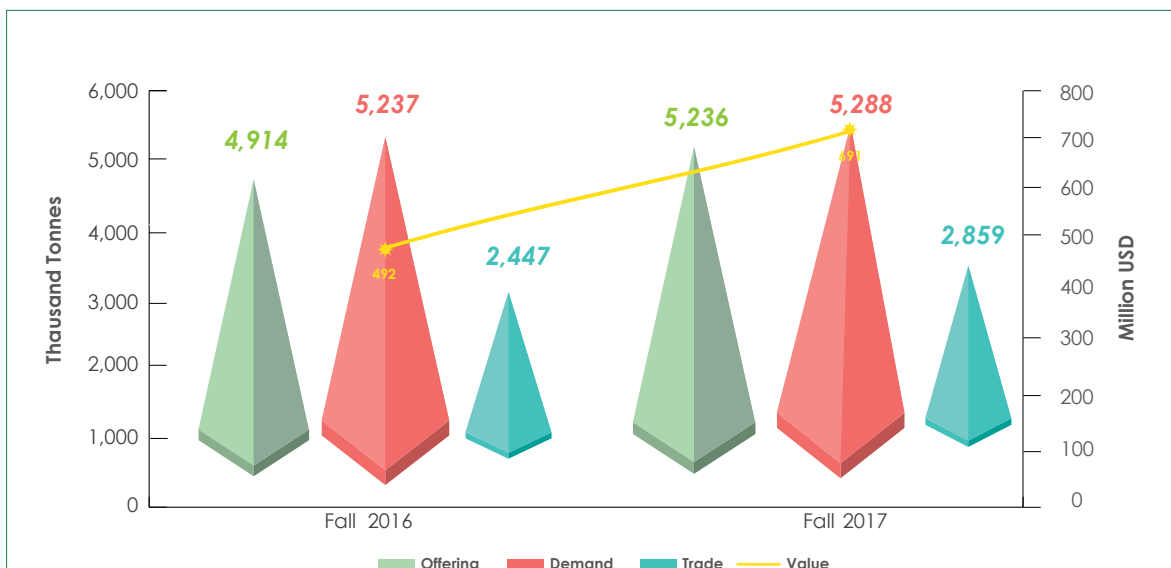
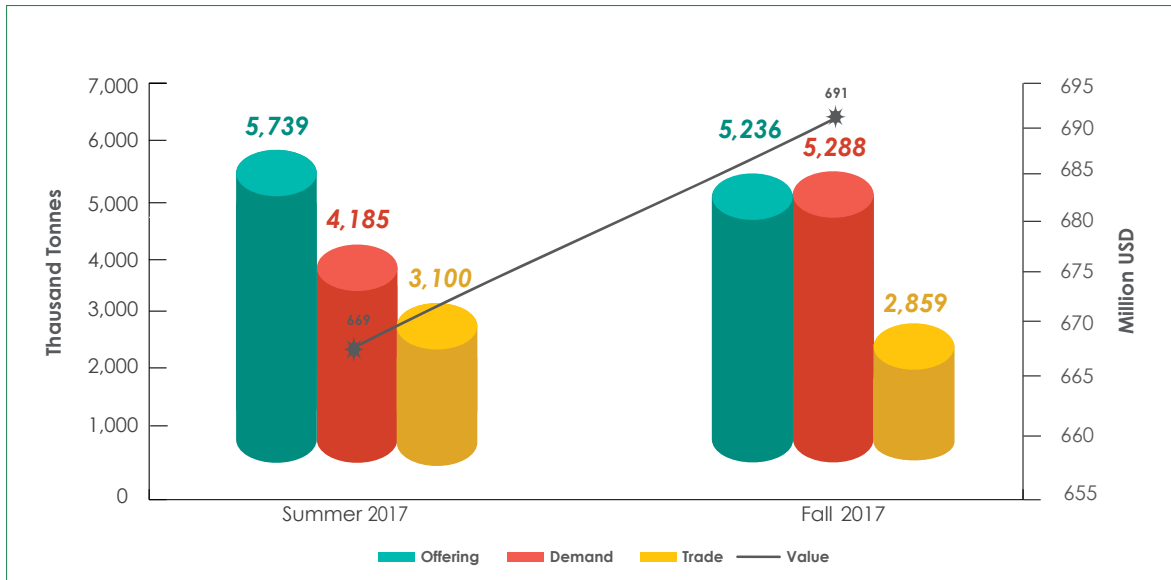


Currently, 2-Ethylhexanol stands out as a product with a high rate of demand in IME. As the following chart shows, due to insufficient domestic production of the commodity, it has been traded under intense competition. Thus, in order to prevent the unfair and misleading competition trend, IME determine a price ceiling of 35% for this commodity from December 2017.



Oil Products

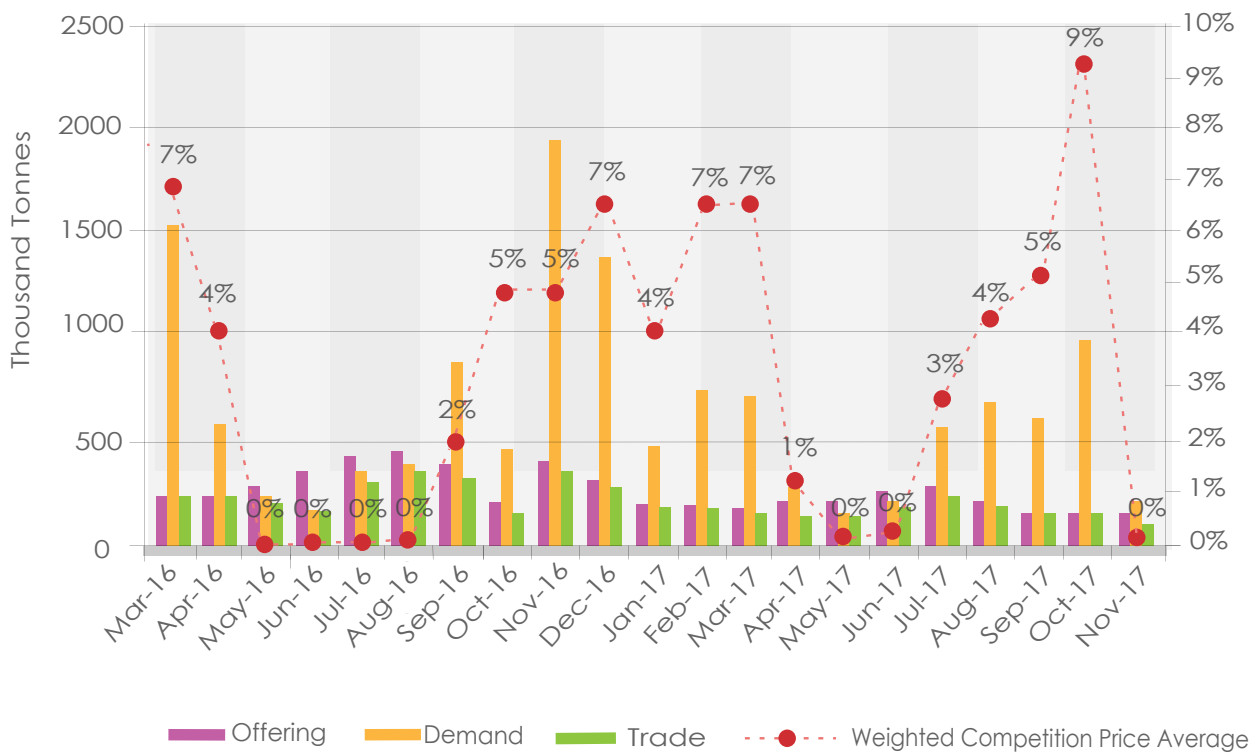
Within the 3rd quarter of the current hijri year (23 September – 22 December, 2017), there were 2.8 million tonnes of oil products traded on IME in total, including bitumen, vacuum bottom, lube cut etc., valued at 690 million USD, which showed a 8 percent decrease in volume and a 3 percent increase in value as compared to the previous quarter of the same hijri year (22 June – 22 September, 2017). The figures for the same period in the previous hijri year are respectively 17 and 40 percent of growth (22 June – 22 September, 2016). The growth in crude oil prices in the world and, consequently, the growth of the prices of oil products were the main reason for the growth in volume and value of transactions during this period.



Offering, Demand and Trade Value & Weighted Competition Price Average of Vacuum Bottom

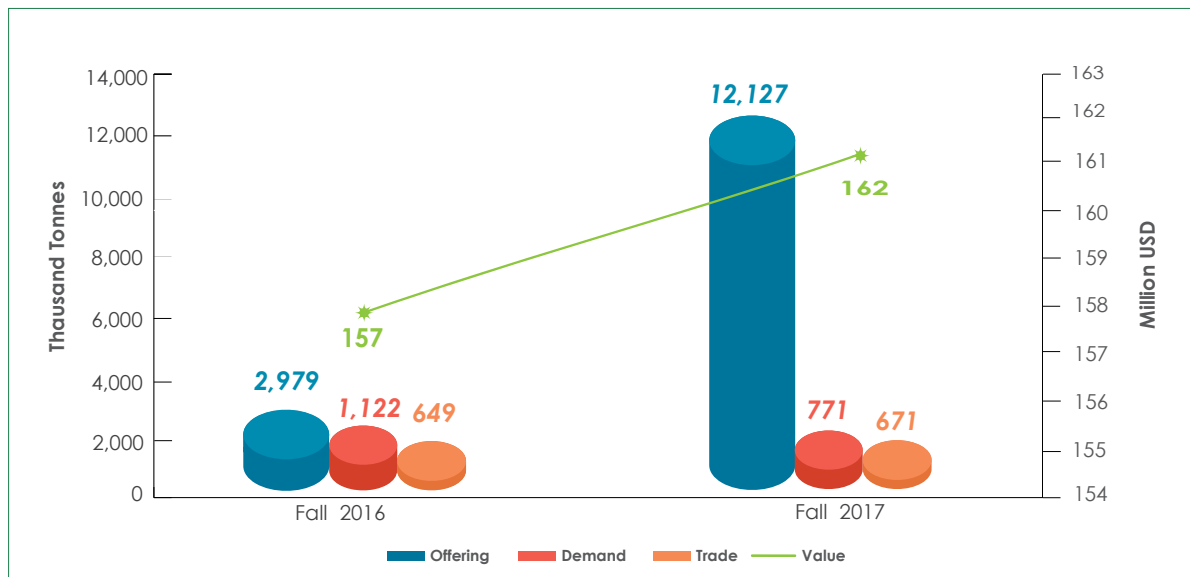
Due to determining the price of vacuum bottom based on the free exchange rate for dollar from December 2017, there is no competition to buy this product on IME.

Vacuum Bottom

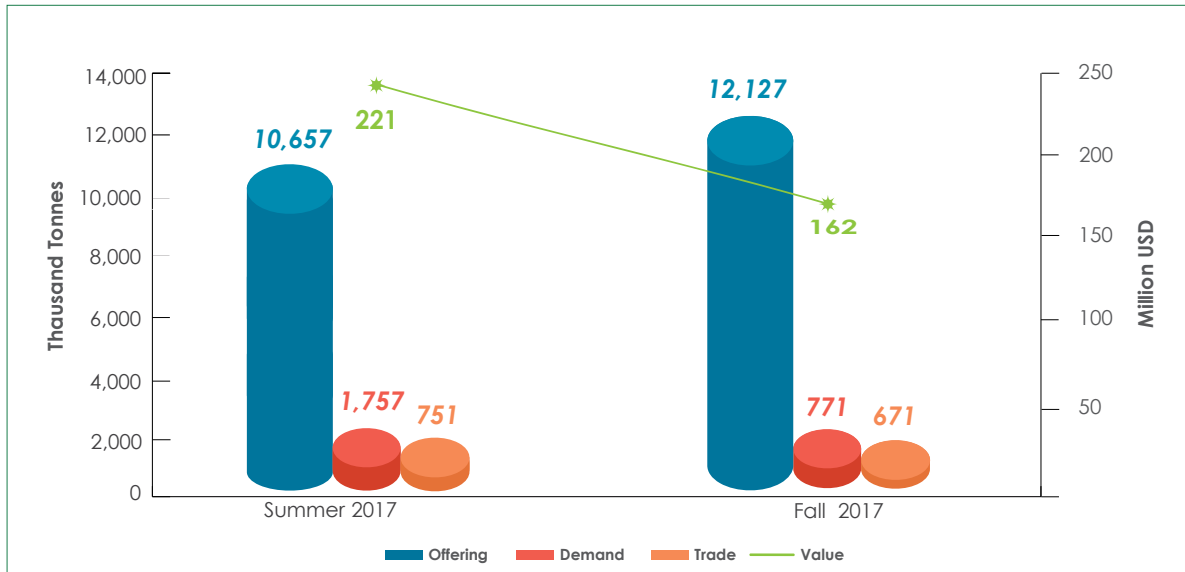


Agro-products

In the 3rd quarter of the current hijri year (23 September – 22 December, 2017), IME witnessed in total trade of 671 thousand tonnes of agricultural products valued at 16 million USD; a 3 percent growth in volume and a 3 percent growth in value compared to the same quarter of the previous hijri year (22 June – 22 September, 2016). Despite a decline of 410,000 tonnes in trading barley, the trade volume of wheat increased by 474,000 tonnes. On the other hand, due to higher sugar prices, the growth of more than 38,000 tonnes of sugar trade volume in fall 1396 has led to an increase in the value of agricultural commodities.



As to the previous period in the same hijri year (23 September – 22 December, 2017), volume and value of trades shows 11 and 27 percent of decrease, respectively. Despite the growth of 155,000 tonnes of wheat trades in the fall of 1396, trade of barley and sugar dropped by 191 and 51 thousand tonnes, respectively. The drop in trade volume of feed barley is due to the ending of its harvest season.



Commodities Traded on IME’s Export Ring

On its export ring IME offered 4.7 million tonnes of commodities of which 1.6 million tonnes were traded worth in excess of 307 million USD. Oil and petrochemical products, industrial products and agro-products account for 1,218 thousand tonnes, 385 thousand tonnes and 1.2 thousand tonnes of trading volume of the ring, respectively. The following chart illustrates figure of the ring by commodity group.

Commodity Group	Offering (MT)	Trade (MT)
Oil and Petrochemicals	1,779,048	1,217,948
Metals	385,000	385,000
Agricultural	2,520,200	1,200

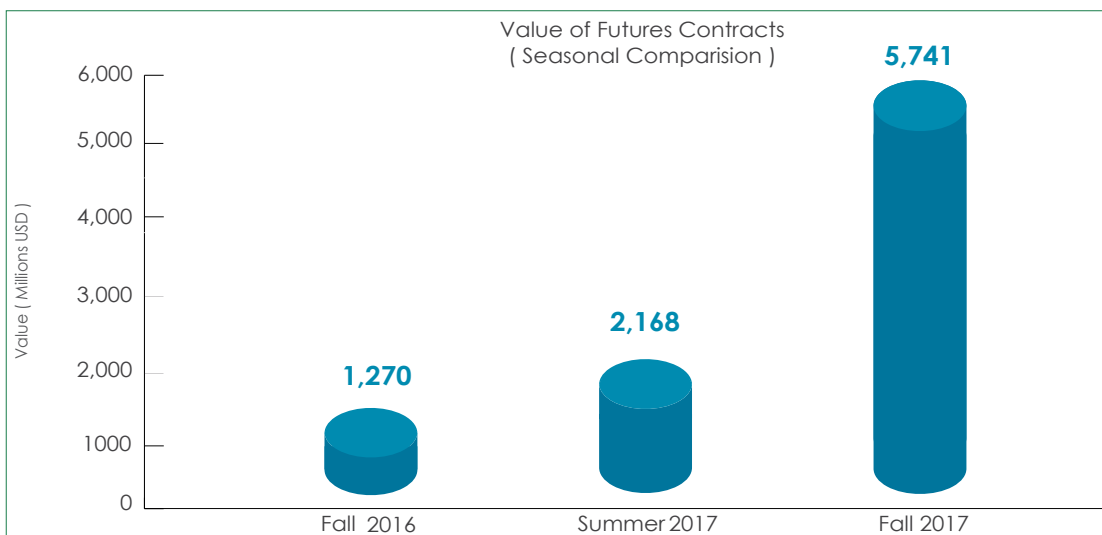
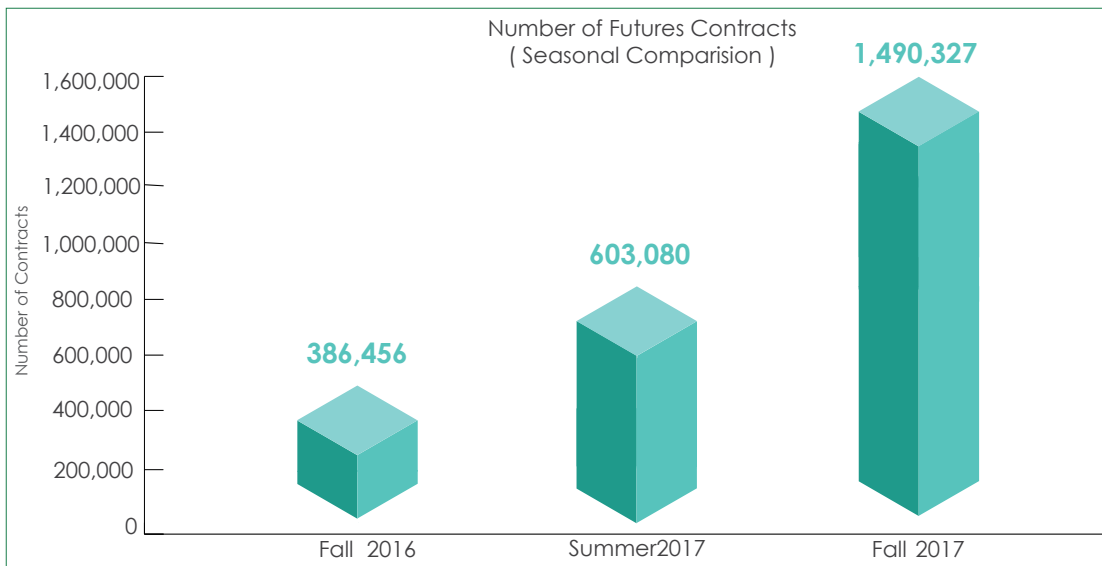
Commodities Traded on IME's Export Ring

Within the scope of commodities traded on IME's export ring, bitumen accounts for highest trading volume and value with more than 1.1 million tonnes followed by sulfur with trade volume of 86,000 tonnes. Iron ore with 385 thousand tonnes is the only commodity in the industrial group. Furthermore, in the agricultural group 1,000 MT of wheat flour and 200 MT of powdered milk were traded. The following chart illustrates IME's exported commodities in order of volume in the 3rd quarter of the current hijri year (1396) (23 September – 22 December, 2017)

Commodity	Offering (MT)	Trade (MT)	Average Base Price (\$)	Average Trade Price (\$)
Bitumen 6070	1,253,420	912,940	279	261
Granulated Iron Ore	385,000	385,000	19	22
Bitumen 85100	249,530	125,830	292	291
Granulated Sulfur	90,500	56,500	135	134
Bitumen 4050	64,650	53,350	284	284
sulfur	17,000	17,000	122	137
Bitumen VG30	22,600	15,000	278	280
Sulfur Lumps	38,000	12,000	121	132
BOF Insulation	9,121	8,821	407	405
BPP Insulation	8,512	8,392	471	372
Bitumen 80100	2,550	2,550	321	321
Bitumen MC30	1,700	1,700	467	467
BOF P Insulation	1,960	1,460	392	392
Wheat Flour	1,740,000	1,000	264	264
Bitumen MC70	700	700	589	589
Bitumen VG10	2,000	500	255	255
Bitumen VG20	2,000	500	255	255
Bitumen VG40	4,100	500	259	259
Powdered Milk	200	200	2,020	2,338
Bitumen11515	105	105	275	275
Bitumen MC250	2,600	100	305	305

Derivatives Market

Within the 3rd quarter of the current hijri year(23 September – 22 December, 2017), IME traded 1,490,327 gold coin futures contracts valued at 5,741 million USD, showing 147 and 165 percent of growth in volume and value respectively in comparison to the second 3 months of the current hijri year (22 June – 22 September, 2017).



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