



SGX introduces clearing of new OTC coal and naphtha swaps

Singapore Exchange's (SGX) AsiaClear service will clear more varieties of over-the-counter coal and naphtha swaps from next month.

Clearing of OTC CFR South China Coal Swaps and CFR Japan Naphtha Swaps is available from 5 December 2011 while Balance-of-Month CFR Japan Naphtha Swaps and Balance-of-Month FOB Korea Benzene Swaps clearing will be offered from 1 February 2012.

Mrs Julie Heng, Head of Commodities at SGX said, "We are extending our OTC product suite in response to market demands, offering greater breadth of trading tools to our customers. These products offer traders and market participants additional risk management tools which will help to support the growth of the coal and petrochemical markets in the region. We are continuing with our strategy of building AsiaClear, Asia's first and only clearing service for OTC commodities and financial derivatives."

China's energy-hungry economy, which relies on coal for some 80% of its power generation needs, has seen its net import of thermal coal surge to over 100 million metric tonnes a year, according to the Australian Bureau of Agricultural and Resource Economics and Sciences. This makes China the world's second largest thermal coal importer behind Japan and ahead of South Korea.

Naphtha is the feedstock for many petrochemical processes in the manufacture of products as diverse as plastics, fibres and lubricants. Three of the largest petrochemical producers in Asia - Japan, Korea, and Taiwan - import approximately 80 million metric tonnes of naphtha a year for the industry.

Other OTC products which SGX clears on AsiaClear include Sub Bituminous Coal FOB Indonesia Swaps, FOB Singapore Naphtha Swaps and FOB Korea Benzene Swaps.

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