

# IMAREX launches BDI Index Futures contract

IMAREX launches BDI Index Futures contract  
IMAREX launches BDI Index Futures contract  
AdminUser-[response@imarex.com](mailto:response@imarex.com)

Oslo 12th June 2008: The International Maritime Exchange – (OSE:IMAREX) will tomorrow launch an electronically traded and cleared futures contract on the Baltic Dry Index (BDI), a composite of global shipping costs for bulk commodities such as grains, ore and coal and a widely accepted measure of the state of global trade.

The IMAREX BDI Index Futures contract (BDIFutures) is aimed squarely at the cash equity and equity derivatives trading community as well as portfolio managers and commodity traders looking to increase their exposure to movements in the dry bulk shipping markets.

With the IMAREX BDIFutures contract, traders can buy and sell the entire dry bulk sector in one simple contract.

The demand for the contract comes from a mass realization that most heavily traded dry bulk shipping shares correlate to a high degree with the movement of the underlying freight market.

Until now, the only freight rate related contracts which could be traded are FFAs (Forward Freight Agreements). FFAs are specialized derivative contracts tied to specific dry bulk trading patterns for defined vessel sizes, making it hard to define the link to shipping equities for most investors.

"We have sat through literally hundreds of meetings in the last year with portfolio managers exposed to shipping equities who spend their time tracking the BDI as a measure of where the market is heading", says Herman Michelet IMAREX CEO.

By trading the BDIFutures contract, stock portfolio managers can protect the value of the shipping equities portfolio from upside and downside price risk of the broader dry bulk market. Typically, a shareholder of several stock listed dry bulk shipping companies, can sell the BDIFutures short, profiting from a falling BDI, to protect the value of his portfolio against a fall in freight rates which would drag down the value of his shares.

"The BDI itself is a retrospective index published once per day and it reflects market movements in the last 24 hours. It is not a gauge of what might happen next - basically, you cannot trade the BDI itself. So we have launched the BDI Index Future contract which will do to the BDI what S&P500 Futures do to the S&P500 Index –and that is to make it tradable," says Michelet.

With BDIFutures, investors can trade the immediate future of the BDI in minimum lot sizes of USD1 per tick. This means that if the BDI is 10,000, 1 lot equals USD10,000. If the index rises by 1000 points, the buyer gains USD1000, and seller loses USD1000. BDIFutures will settle on the average of all Index points in a month, similar to the settlement of FFA contracts.

The IMAREX BDIFutures contract is being launched to fill a void left by the BIFFEX, a London-based freight futures contracts with settlement based on the Baltic Freight Index which was closed down in 2001, before the shipping boom of recent years started.

"The renewed interest in a similar product to the BIFFEX which is suitable to all manner of different shipping investors has grown from a whisper a few years ago to a roar in 2008," says Michelet, adding "we believe that the time for the re-introduction of a simple, electronically traded futures contract for dry bulk shipping is fully ripe."

BDIFutures are cleared at NOS Clearing, and will be available on the IMAREX trading screen and via participating prime brokers and General Clearing Members

For contract specifications of the IMAREX BDIFutures contract, please see the attached fact sheet.

- [BDIFutures Fact Sheet](#)

For information on how to trade the contract, please go to:  
[http://www.imarex.com/imarex\\_markets/new\\_bdi\\_futures](http://www.imarex.com/imarex_markets/new_bdi_futures)

or contact:

- Herman W. Michelet - CEO Tel: +47 23 89 42 30
- Thomas Bertel, - Sales Manager Tel: +47 23 89 42 46
- Mikkel M. Holmesland, - Dry desk BDI broker Tel: +47 23 89 42 14

No

No relation

2008.06.12 9:25