

Full focus on liquidity - over 250 million tonnes traded on Imarex tanker market

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As in other exchange markets, transaction volumes in freight derivatives flow where there is liquidity and growing liquidity breeds more liquidity.

The proof is in the Imarex tanker market.

Imarex has now handled over 250 million tonnes of tanker freight since start in 2001. This is estimated to be over 30% of the world wide tanker derivatives market.

Both Imarex and NOS (the Norwegian Futures and Options Clearing House) have invested over four years in becoming the leading force in tanker freight derivatives. NOS handles 99% of all cleared trades in shipping despite new competition from clearers.

Shipping is a complex business and requires the participation of ship owners - not just charterers and traders. Without ship owners, there simply is no market to speak of. Imarex is unique because it is the freight exchange where ship owners trade their risks. The success of the Imarex tanker futures market speaks for itself.

Now Imarex is pushing hard to build a similar level of liquidity for cleared dry bulk freight futures.

Liquidity is built by bringing new traders to market, and with small size contracts traded frequently and securely on screen directly between principals.

Firm prices, both ways for all panamax dry bulk contracts are now available on screen to all Imarex members - and trading in small lot sizes (down to 5 lots per trade) is picking up.

NOS said this week that it is reducing daily margins for the Panamax and Handymax freight index derivatives, called PM4TC and HM6TC, with immediate effect.

When trading in cleared contracts, freight principals trade with confidence as NOS assumes all credit risk in every transaction.

Rising liquidity in cleared dry bulk futures means that margins are now falling, making the burden of clearing much lighter, thereby lowering the barriers to entry for ship owners.

The Imarex tanker derivatives market is now heading towards 500 million tonnes traded. Together with NOS and 99 members - Imarex is now building a similar level of liquidity for the dry bulk markets.

To trade directly in a liquid tanker market, or to trade small dry bulk lots on directly screen - please contact the Imarex Market Place Service on +47 2389 4227.

No
No relation

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