



Leveraging Physical Gold: How DGCX is supporting traders access affordable funds?

As fiscal tightening stifles liquidity, DGCX is offering products that unlock innovative avenues for traders and financial institutions to transact and grow.

As central banks around the world hike interest rates, affordable access to funds is a key challenge for market participants. Traders and financial institutions have started to explore unique avenues that support their businesses in tough market conditions.

With the constrained liquidity scenario expected to stay for the foreseeable future, gold has become a solid top-tier asset class as global banks start accepting it as collateral from traders and institutions looking for liquidity in the markets.

Regional traders are increasingly looking for reliable ecosystems that support them in making such transactions as they continue to speculate or hedge their positions in the market.

The UAE is a regional financial hub for commodities trading, especially gold, a crucial asset driving market volumes. At the Dubai Gold and Commodities Exchange (DGCX) the precious metal is at the very heart of our organization.

As we continue to pursue our strategic goal of becoming the de facto gold pricing standard in the region, we have launched Physical Gold Futures and Spot Gold Contracts to help traders and financial institutions leverage the value of their bullion without having to sell their precious metals.

The two products provide traders with the ability to use physical gold as collateral to access affordable sources of short-term lending from financial institutions, backed by the guarantee provided through the Exchange clearing house acting as the central counterparty.

The products are designed so that they can be used together by traders, similar to a repurchase agreement, to get short-term liquidity from banks through the spot gold markets, while opposite physical future trade is done at the same time for the trader to receive their gold back and the bank to get their funds.

We have recently successfully facilitated the completion of the first transaction for the newly launched products. DGCX member Paloma Precious DMCC completed the transaction with one of the most reputable banks in the UAE, as it became the first trader to access short term liquidity using the two products.

The move offers tremendous potential for traders, brokers, banks and financial institutions, and reflects our commitment to continuously facilitate access to high-quality products and services for our members.

DGCX