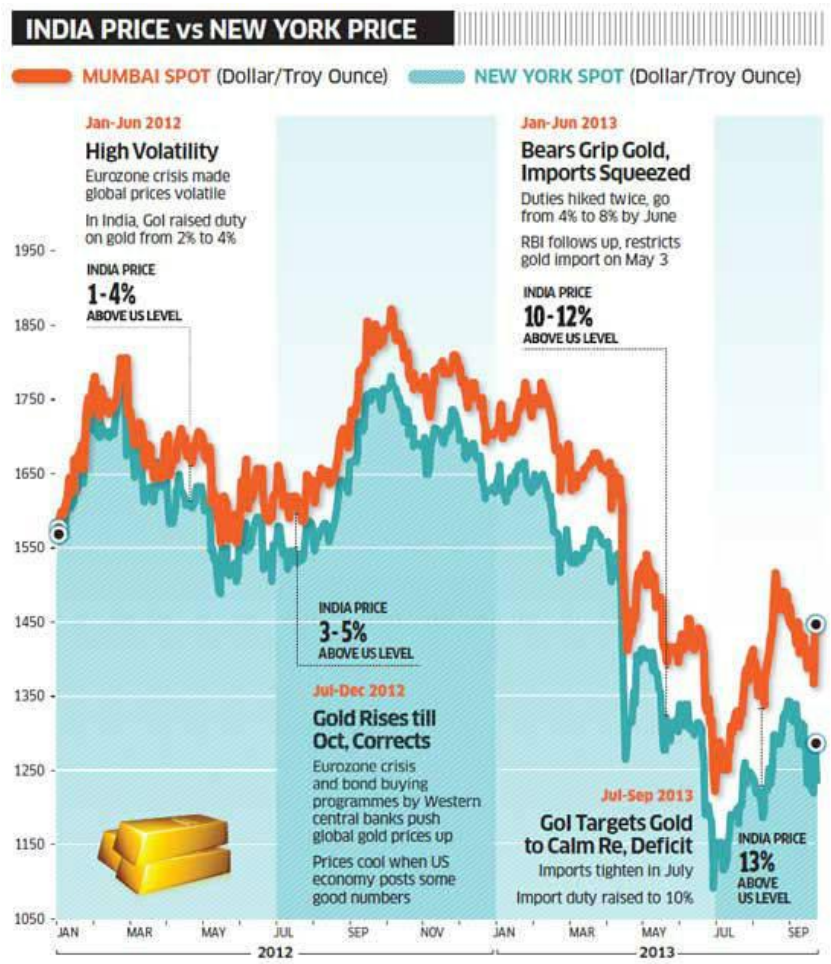




Duty on gold imposed by the government opens up arbitrage opportunities

In dollar terms, and minus strong external stimuli, the Indian and global gold prices should be aligned - because the Indian price is set by the global price. However, when there are strong external factors, the Indian price in dollars can be different from the global price. That difference opens up the possibility of arbitrage.

The chart below shows global and Indian gold prices (in dollar terms) from January 2012 onwards. Indian prices in dollars have been higher in some period.



ET will Carry a Daily Price Tracker that Identifies & Explains Indian-Global Price Differentials

ET Sep, 2013

In the News..

Most F&O trades coming from non-traditional routes

A trend, which began a little over a year has intensified in the last few months. The largest equity derivatives exchange, National Stock Exchange, is seeing more trade execution in its equity derivatives segment migrate to new channels of trading access such as co-location and direct market access. Further, trades happening on account of orders generated automatically from algorithms has also seen a rise in the past two years.

In September, as per the latest monthly data released by NSE on mode of trading, an exact half of the gross turnover in equity futures and options (options turnover being traded value of premium and not notional turnover) took place through the traditional channel of trading terminals in brokers. Algorithmic trades were a part of this traditional route and contributed 6.5 per cent of gross turnover.

mydigitalfc, Oct, 2013