



ABBASI AND COMPANY (PRIVATE) LIMITED
 Universal Member: Pakistan Mercantile Exchange Ltd. (PMEX)
 Corporate Member: Lahore Stock Exchange (G) Ltd.

6-Race Course (Near China Chowk), Lahore.
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COMMODITY TRADING GUIDE FOR NEW INVESTORS



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Question 1: What is PMEX?

Answer:



PMEX stands for **Pakistan Mercantile Exchange**. PMEX is the first commodity exchange in Pakistan which was granted permission by Security and Exchange Commission of Pakistan (SECP) on May 16th 2002. PMEX was established as an commodity exchange company on April 20th 2002.

Question 2: Who owns Pakistan Mercantile Exchange (PMEX)?

Answer:

Initially Pakistan Mercantile Exchange was formed by the following shareholders:

- **National Bank of Pakistan (NBP)**
- **Karachi Stock Exchange (KSE)**
- **Lahore Stock Exchange (LSE)**
- **Islamabad Stock Exchange (ISE)**
- **Pak Kuwait Investment Company**
- **Zarai Taraqati Bank Limited**

Question 3: Which Commodities are tradable in Pakistan Mercantile Exchange?

Answer:

Tradable Commodities are:

1. **Gold Futures (1 Ounce*)**
2. **Silver Futures (500 Ounce)**
3. **Silver Futures (100 Ounce)**
4. **Crude Oil Futures (100 Barrel)**
5. **Crude Oil Futures (10 Barrel)**
6. **Gold Physical Deliverable (10 Tola Gold 99.9% Pure)**

***Important Note: (1 *Ounce = 2.67 Tola) , 1 US beer *barrel = 117.347765 liters**



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Question 4: Why to trade through Abbasi and Company (Private) Limited?

Answer:

Abbasi and Company (Private) Limited is a Universal Member of Pakistan Mercantile Exchange and duly registered with the SECP to act as a “Broker” of PMEX.

Commodities Trading in (PMEX) Pakistan Mercantile Exchange with Abbasi and Company (Private) Limited

Question 5: How can you watch the Live Rates of Pakistan Mercantile Exchange?

Answer: You can watch live rates after opening an account with us. We can provide you User ID and Password for live rates and trading. You can also buy/sell gold, silver and crude oil through your terminal. You can see your invested amount in positions section, also profit and loss history and current positions. A complete history of your trading is also available in reports section.

Question 6: How you can verify the membership of a broker of Pakistan Mercantile Exchange?

Answer:

We are Universal Member of Pakistan Mercantile Exchange. You can verify our membership in Lahore section by using the link below;

http://www.pmax.com.pk/register_ncel_brokers.php

Question 7: How to open an account for Online Trading Terminal of PMEX?

Answer:

We are currently dealing in three commodities (Gold, Crude Oil and Silver). Our account opening charges are only **Rs. 500/- one time**. After opening an account we will provide username and password for online trading terminal (web based) free of cost.



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Trading Mechanism – How to Start Investing.

Question 8: Explain the Trading Mechanism for Gold Trading?

Answer:

GOLD TRADING (1 OUNCE) INTERNATIONAL TRADE:

For Example:

1 Ounce Gold Contract* Rate is = \$1595 (Dollars)

GOLD 1 Ounce = 1595 * 89.50 = Rs. 142,752/- per one lot price (100% value)

Rs. 89.50 is the dollar rate provided by PMEX on daily basis.



If you want to buy one lot of 1 ounce gold at \$1595,

You have to deposit 15% minimum of **(\$1595*89.50) = Rs. 142,752/- i.e . Rs. 21,412/-**

Its mean you will deposit Rs. 21,412/- in your investment account. If you buy 1 lot of 1 ounce gold for example at \$1595. If the price changed to \$1610, then your earning is \$15. Our commission is Rs. 65 on buy including all government tax.

Maintenance of 15% Margin and Margin Call:

You will maintain 15% margin all the times of your trading exposure. (Your investment should not decrease from 15%) If gold price is going down and your 15% initial investment goes down by 3% from 15% to 12%, then we will give you margin call. Margin call means you will maintain 15% deposit by submitting 3% of loss. If your are unable to deposit margin (3% loss) in your account and gold price is going down further up to 10%, then we will simply square up(cut) your position from Pakistan Mercantile Exchange Ltd (PMEX) online terminal. It is better if you do not want to take risk, you should invest 100% amount instead of using any 15% margin etc.

Profitability: If you buy 1 lot of 1 ounce gold for example at \$1595. If the price changed to \$1600, then your earning is \$5 vice versa.

Contract* = Contract Will Be Expired In One, Two or Three Months.

TOLA GOLD TRADING (Plus Holding):

Now you don't need to go for any jeweler to buy/sell GOLD, you can buy/sell TOLA GOLD through your computer. Main advantage is safety and there is no worry of holding it .Whenever you want to buy/ sell gold, its just on one click away! Tola gold is available in one Tola weekly contract.

For example (1 contract*) : 1 Tola Gold rate is = Rs. 55,600/-



- Tola GOLD is quoted in Pakistani rupees.
- Delivery is available for minimum 10 Tola bar.
- Unlimited holding time period.
- Recovery of GOLD Insurance and storage cost is 1% per annum.

Profitability: If you buy 1 lot of 1 tola gold for example at Rs. 55,600. If the price changed to 56,600, then your earning is Rs.1000 vice versa.



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Contract* = Contract will expire on weekly basis after contract expires TOLA GOLD transfer into your name and PMEX vault will be responsible for its holding. You can sell TOLA at any time, when you get 10 TOLA GOLD you can also get delivery of 10 TOLA gold bar (extra charges will be added for delivery).

Question 9: Explain the Trading Mechanism for Crude Oil Trading.

Answer:

FOR CRUDE OIL TRADING:

For Example if you want to buy one lot of Crude Oil = \$94 dollar per barrel



1 lot of crude oil is available in 10 barrels per one lot = \$94.10*89.50 = Rs. 84,130 (100% value)

If you want to buy one lot of 10 barrels of oil at \$94. You will deposit 15% minimum deposit of (\$94.10*89.50) = **Rs. 84,130 i.e. Rs. 12,620**. Its mean you will deposit **Rs. 12,620/-** in your investment account. If you bought 1 lot of 10 barrels for example at \$94.10. If the price changed to \$96.10, then your earning is \$20 dollars. Our commission is Rs. 45 on buy including all government tax.

Maintenance of 15% Margin and Margin Call:

You will maintain 15% margin all the times of your trading exposure. (Your investment should not decrease from 15%) If crude oil price is going down and your 15% initial investment goes down by 3% from 15% to 12%, then we will give you margin call. Margin call means you will maintain 15% deposit by submitting 3% of loss. If you are unable to deposit margin (3% loss) in your account and crude oil price is going down further up to 10%, then we will simply square up(cut) your position from Pakistan Mercantile Exchange Ltd (PMEX) online terminal. It is better if you do not want to take risk, you should invest 100% amount instead of using any 15% margin etc.

Contract* = Contract Will Be Expired In One, Two or Three Months.

Profitability: If you buy 1 lot of 10 barrels of oil for example at \$94. If the price changed to \$95, then your earning is \$10 vice versa.

Question 10: Explain the Trading Mechanism for Silver Trading?

Answer: FOR SILVER TRADING:

For Example if you want to buy one lot of silver = \$29.000 dollar per ounce .

1 lot of Silver is available in 100 Oz per one lot = \$29 *100*89.50 = Rs. 259,550 (100% value)



If you want to buy one 1 lot of Silver which is available in 100 Oz per one lot = \$29.000*100*89.50 = Rs. 259,550 (100% value) .You will deposit 20% minimum deposit of lot = \$29.000*100*89.50 = Rs. 259,550 (100% value) i.e. Rs. 51,910/-. Its mean you will deposit Rs. 51,910/- in your investment account. If you buy 1 lot of 100 ounces silver for example at \$29.000 If the price changed to \$31.000, then your earning is \$200 dollars. Our commission is Rs. 75 on buy including all government tax.

Maintenance of 15% Margin and Margin Call:



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You will maintain 15% margin all the times of your trading exposure. (Your investment should not decrease from 15%) If silver price is going down and your 15% initial investment goes down by 3% from 15% to 12%, then we will give you margin call. Margin call means you will maintain 15% deposit by submitting 3% of loss. If your are unable to deposit margin (3% loss) in your account and crude oil price is going down further up to 10%, then we will simply square up(cut) your position from Pakistan Mercantile Exchange Ltd (PMEX) online terminal. It is better if you do not want to take risk, you should invest 100% amount instead of using any 15% margin etc.

Contract* = Contract Will Be Expired In One, Two or Three Months.

Profitability: If you buy 1 lot of 100 ounces of silver for example at \$29,000 If the price changed to \$31, then your earning is \$200 vice versa.

COMMISSION STRUCTURE FOR COMMODITY TRADING



COMMODITIES	INITIAL	PMEX FEE	BROKER AGE FEE	TOTAL COMMISSION
	Margin	*Fee One (Per Lot)	One Way (Per Lot)	One Way (Per Lot)
1 Ounce (1 OZ = 31.1 grams)	15%	Rs.25.00	Rs.40.00	Rs.65.00
100 Ounce	15%	Rs.300.00	Rs.1200.00	Rs.1500.00
1 Tola	100%	Rs.25.00	Rs.75.00	Rs.100.00
Silver 100 Ounce	20%	Rs.25.00	Rs.50.00	Rs.75.00
Silver 500 Ounce	20%	Rs.50.00	Rs.225.00	Rs.275.00
Crude Oil 10	15%	Rs.10.00	Rs.35.00	Rs.45.00
Crude Oil 100	15%	Rs.50.00	Rs.350.00	Rs.400.00

*Fee One Way = when you buy or sell one lot (1 ounce gold) etc.