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MAY 25, 2021 / 11:30 PM / UPDATED 5 DAYS AGO

Shanghai Futures Exchange to curb 'unreasonable' price swings - chairman

By Emily Chow



SHANGHAI (Reuters) - Shanghai Futures Exchange said on Wednesday it would “vigorously investigate abnormal transactions” and curb unreasonable price swings amid recent large moves in commodities prices in China.

FILE PHOTO: A company logo of Shanghai Futures Exchange is displayed at a booth during LME Week Asia in Hong Kong, China June 14, 2016. REUTERS/Bobby Yip

This comes on the heels of the state planner saying it would strengthen price controls on major commodities in its five-year plan, and domestic exchanges taking measures like raising trading limits and margin requirements to tame runaway prices.

Commodities prices in the world's second-biggest economy have seen big swings this year, driven by post-pandemic demand recovery, global liquidity easing and speculative trading.

The Shanghai Futures Exchange (SHFE) will “closely track market changes, vigorously investigate abnormal transactions and malicious speculation, take timely targeted measures ... curb unreasonable price fluctuations,” Chairman Jiang Yan said at the 18th Shanghai Derivatives Market Forum.

The exchange aims to “improve the efficiency of market supervision and governance” as measures to “prevent and resolve major financial risks”, the chairman added.

On plans for crude oil options, Jiang said they will be listed on June 21 on the SHFE's subsidiary, the Shanghai International Energy Exchange (INE), and be open to international traders for participation.

China's crude oil futures contract is already listed on the INE.

The INE had said on May 6 that it would conduct a mock test of crude oil options trading from May 10 to May 21. On the same day, it said it had drafted crude oil options contract specifications and had sought public consultation.

The SHFE exchange will speed up the listing of other contracts including alumina, ferrochrome, synthetic rubber, refined oil, natural gas, naphtha, corrugated paper, woodfree paper and electric power, Jiang said at the forum.

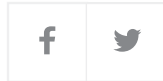
The SHFE continues to promote overseas delivery of its contracts and is exploring the “likelihood of setting up overseas warehouses”, Jiang added.

The exchange will continue research and development of products open to foreign participation such as freight index futures, he said.

Writing by Shivani Singh; Editing by Jacqueline Wong and Himani Sarkar

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