



Forts profits from weakened rouble as currency derivatives soar

by Agnieszka Troszkiewicz

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Growing uncertainty about the value of the rouble has propelled trading in currency derivatives at Forts, the derivatives arm of RTS – analysts have told Futures and Options Intelligence.

The value of the rouble has fallen over 33% since August 2008, leading Russia's central bank to devalue the currency. On January 30, the rouble settled at 36.38 roubles per dollar, closing in on the floor of 36 roubles to the dollar implemented by Russia's central bank in January.

Over the same period, volumes in Forts' rouble/dollar contract experienced a period of sustained growth. In January, average turnover for the rouble/dollar futures contract was \$107.19m, comparing to December's turnover of \$55.39m.

Valeriy Tarasyuk, a equity and derivatives analyst at Russkii Mezhdunarodnyi Bank (Russian International Bank) in Moscow, said the depreciation of the rouble for the past few weeks has made the dollar/rouble futures a "very active" instrument.

"When the rouble was stable, nobody was interested in trading the contracts on the exchange. But now, many participants trade the dollar/rouble contracts," Tarasyuk said. "Volatility has increased and traders can earn money through the intra-day trading."

A Moscow-based spokesperson for Forts said the variable dollar/rouble exchange rate over the last month has made foreign investors hedge their currency risks more actively.

"The hedgers' interest towards the rouble/dollar contract demonstrates a considerable difference between the futures contract's actual price and a factual currency exchange rate. This led to the rise in the number of the rouble/dollar futures transactions made on Forts – about 10,000 transactions a day," she said.

The strong performance of Forts currency derivatives was also continued in the exchange's newly launched euro/dollar and euro/rouble futures.

On Thursday February 5, the contracts' first day of trading, the volumes totalled 41,516 contracts.

The spokesperson said Forts members had initially continued trading the rouble/dollar contracts during the morning session but interest shifted to the new contract in the evening session

The minimum initial margin requirements are 4% of the contract price.