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IIBX silver trade hits 908MT in 3.5 months of operations

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Ahmedabad: The India International Bullion Exchange (IIBX) has made a significant impact on the silver trading market since its inception at India's first International Financial Services Centre (IFSC).

In just three and half months of commencing operations, IIBX recorded silver trading volume of 908 metric tonne (MT) for the financial year 2023-24. Silver was priced at Rs 82,000 per kg in the Ahmedabad market. Gujarat clocked 1,561.84MT of silver imports during the year. This means, about 58% of the volumes were imported via the exchange.

The sizeable trading volume in barely three and half months of operations indicates the demand given its affordability and diverse industrial applications. The exchange's performance is also indicative of the investment patterns, where silver is emerging as a preferred commodity for investors, given the stability in prices, according to industry sources. "The substantial volume of silver traded through IIBX could be attributed to various factors, including market volatility, currency fluctuations, and the global economic outlook, which often influence investment decisions. As compared to gold, prices of silver remained stable and the industrial applications were high, which primarily drove procurement of silver," said Haresh Acharya, director, India Bullion, and Jewellers' Association.

“The exchange provides greater transparency and efficiency,” he adds. Silver is also in demand for everyday wear jewellery, artefacts and silverware, according to gems and jewellery industry players.

Earlier, only nominated banks were allowed to import silver. After the recent DGFT notification, this can now be achieved through IIBX as well, which will benefit the domestic market. Silver contracts on IIBX will enable qualified jewellers on the exchange to import and other market participants can also trade silver in bar and grain forms for both London Bullion Market Association (LBMA) and UAE gold delivery standards, with settlement of BDRs every 30 minutes and seamless credit in demat accounts with the India International Bullion Depository IFSC Limited (IIDI). In contrast, gold imports through IIBX totalled 7.9 MT during the same timeframe.

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