



AUTORITÉ
DES MARCHÉS FINANCIERS

Print from the website of the AMF

19 July 2022

The AMF has published a study of the profile of participants and their positions in the Matif agricultural commodities derivatives market

The Autorité des Marchés Financiers (AMF) has analysed the positions of participants trading on the Matif, the main agricultural commodity derivatives market in Europe, under its supervision. The analysis shows that commercial players play a dominant role in the wheat, corn and rapeseed markets.

The rules on markets in financial instruments (MiFID II) impose reporting obligations on participants in commodity derivatives markets and limits on the positions they can hold. MiFID II provides for exemptions in particular when positions taken on the market are for the purpose of hedging the risks inherent in a commercial activity. The regulatory framework therefore distinguishes between the activities of commercial players and financial entities, and, in the case of commercial players, between hedging and more speculative activity.

Trading platforms are required to provide regulators with the positions held by each participant. Based on this information, the AMF analysed the profile of the categories of participants in the Matif (Euronext) wheat, corn and rapeseed contract markets which it supervises.

The main observations of the study were that over the 2018-2021 period:

- commercial undertakings played a dominant role in the European agricultural commodity derivatives market, for both short and long maturities: on the Matif wheat contract, which is the benchmark for prices in Europe, they accounted for a daily average of nearly 57% of open positions. In comparison, this category of participants represented only 23% of open positions on wheat contracts in Chicago, where financial players make up the majority in proportion and number;
- 62% of the futures positions of commercial undertakings are reported as corresponding to an activity of hedging the price variation risk on grains;
- lastly, this category of players on the wheat market almost always has a net short position (short positions subtracted from long positions), which means that the positions held by commercial companies are generally used to guarantee a sale price and therefore protect them from a potential drop.

In the course of this study, the AMF also examined changes in the market structure since the Russian invasion of Ukraine on 24 February 2022. In particular, it looked at the possible impact of the increase in asset deposits required by clearing houses when opening a position (initial margins) and the possible influence of financial players on price increases.

Between 24 February and 1 June 2022, the AMF observed that:

- the number of buy or sell contracts held by market participants (known as the open position) continued to grow despite the increase in the initial margins required by the clearing house to deal with price volatility. This increase in margins does not seem to have deterred participants from entering the market;
- The proportion of financial players holding positions rose in the wake of the Ukrainian invasion, especially during the first three weeks of the conflict. However, it subsequently stabilised and the share observed on 1 June was close to its level at the same date in 2021, i.e. approximately 50%.

About the AMF


The AMF is an independent public authority responsible for ensuring that savings invested in financial products are protected and that investors are provided with adequate information. The AMF also supervises the orderly operations of markets. Visit our website <https://www.amf-france.org> URL = [https://www.amf-france.org/]

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