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CME Group Announces the Launch of Illinois Basin Physically Delivered Coal Futures

NEW YORK, Sept. 2, 2014 /PRNewswire/ -- CME Group, the world's leading and most diverse derivatives marketplace, announced today the launch of Illinois Basin physically delivered Coal futures contracts in October, pending all regulatory approvals. The contracts will be listed by and subject to the rules of the New York Mercantile Exchange.

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Illinois Basin Coal Futures will be CME Group's second physically delivered coal futures contract in North America. It builds on the company's global suite of coal futures and options products, including the benchmark Central Appalachian, Powder River Basin and CSX Coal Futures in the U.S., and API2 cif ARA, API4 fob Richards Bay, API5 fob Newcastle, API8 CFR South China, Indonesian Coal and Australian Coking Coal, which serve growing markets in Asia and Europe.

"CME Group's global coal complex has experienced tremendous growth recently, with average daily volume increasing 48 percent to 8,418 lots a day so far this year," said Gary Morsches, Managing Director, Global Energy at CME Group. "Illinois Basin coal is an established feedstock for the domestic power industry and is expected to see strong demand in the future. As this market continues to expand, our new futures contract will improve price discovery for coal producers, power generators and coal exporters, and will offer an effective solution for managing their risk."

Illinois Basin Coal, which is higher in sulfur than other domestic coals and has heat content ranges between 10,000 -12,500 British thermal units per pound (Btu/lb), currently accounts for approximately 13% of total U.S. production. By 2040, the EIA forecasts its share of domestic production will swell to 20%. This growth is being driven in part by recent technical improvements and widespread adoption by U.S. power plants of scrubber technology, which reduces sulfur dioxide emissions and makes Illinois Basin coal a viable alternative to lower-sulfur fuels.

The new CME Group Illinois Basin Coal Futures will have a contract size of 1,750 short tons, average heat content of 11,500 Btu/lb and will be deliverable on the Ohio River, a primary corridor in the domestic coal transport network. Ash content will be a maximum of 12%, chlorine will be a maximum of 0.35% and the contract will allow a maximum of 3.15% sulfur content.

CME Group Illinois Basin Coal Futures will be available for trading on the floor and electronically via CME Globex, and for submission for clearing through CME ClearPort.

As the world's leading and most diverse derivatives marketplace, CME Group (www.cmegroup.com) is where the world comes to manage risk. CME Group exchanges offer the widest range of global benchmark products across all major asset classes, including futures and options based on [interest rates](#), [equity indexes](#), [foreign exchange](#), [energy](#), [agricultural commodities](#), [metals](#), [weather](#) and [real estate](#). CME Group brings buyers and sellers together through its CME Globex[®] electronic trading platform and its trading facilities in New York and Chicago. CME Group also operates CME Clearing, one of the world's leading central counterparty clearing providers, which offers clearing and settlement services across asset classes for exchange-traded contracts and over-the-counter derivatives transactions. These products and services ensure that businesses everywhere can substantially mitigate counterparty credit risk.

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