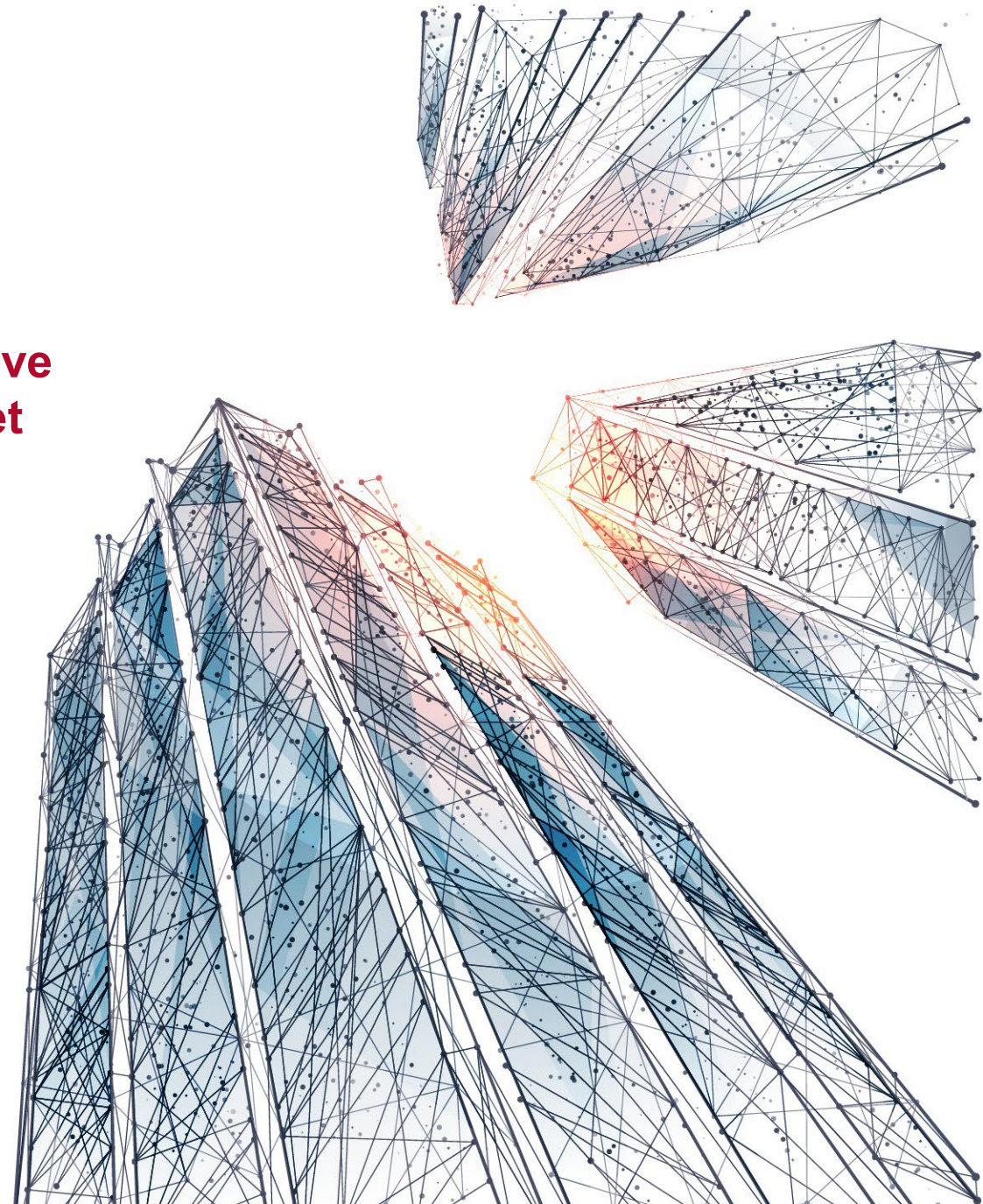
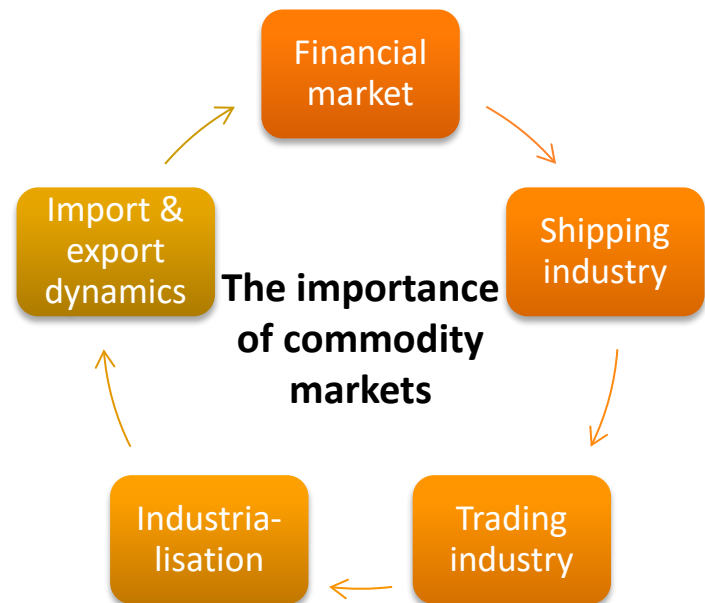


# Unveiling Hong Kong's Potential: Prospective Growth in the Expanding Commodity Market

November 2025



# Expanding Hong Kong's commodity market will solidify its position as an international financial centre



## The development of a vibrant commodity market

Hong Kong should prioritise strengthening its **physical commodity trading** before venturing into commodity futures trading.

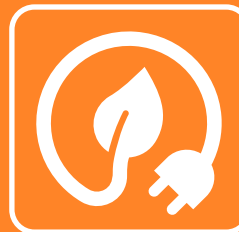
Enhance ecosystem

Develop physical trade

Boost futures trading

Establish connectivity

## Opportunities for Hong Kong in the commodity market



### Strong demand for traditional commodities + Rising demand for sustainable commodities

- Traditional commodities remain the backbone of the global economy
- Increasing investment in sustainable energy
- Growing adoption of green metals
- Rising demand for carbon credits



### Opportunities brought by the increasingly diversified business operations

- Use Hong Kong to source, transport, hedge, and trade commodities
- Support risk management



### The continued internationalisation of the Chinese Mainland's commodity market

- Facilitate easier access and more robust international participation
- Introduce measures to enhance market predictability and reduce regulatory risks



# Recommendations: Building a more vibrant commodity market

## 1. Strengthening Hong Kong's commodity market ecosystem

- Supporting the establishment of a physical warehouse in Hong Kong and collaborating with other Greater Bay Area cities
- Harnessing stakeholders in ecosystem-building activities: stakeholder engagements, enabling environment, and incentives




## 2. Prioritising key commodities from key markets

- Select commodities that align with key market dynamics such as demand, liquidity, environmental sustainability, and concentrate on pivotal markets
  - Building on the strong base of precious metals, such as gold
  - Attracting trading activities using base metals, such as iron ore, copper, and aluminium
  - Capturing the importance of traditional and emerging commodities, such as LNG, carbon credits, sustainable aviation fuels, and renewable energy certificates
  - Focusing on key markets, such as ASEAN, the Middle East, and markets along the Belt and Road Initiative

## 3. Enhancing the connectivity of the commodity markets between the Chinese Mainland and Hong Kong

- Seek cross-listing with Guangzhou Futures Exchange, Shanghai Futures Exchange, and other futures exchanges in the Chinese Mainland
- Design considerations for the Commodity Connect: product selection, product size, GBA collaboration, trading mechanisms, multi-currency

# Roadmap for building a more vibrant commodity market

		Short-term	Medium-term
<b>Market development</b> 	<b>Recommendation 1: Strengthening Hong Kong's commodity market ecosystem</b>		
	<ul style="list-style-type: none"> <li>Supporting the establishment of a physical warehouse and collaborating with other GBA cities</li> </ul>	<ul style="list-style-type: none"> <li>Partnership with GBA (i.e. cross-boundary warehousing)</li> </ul>	<ul style="list-style-type: none"> <li>Expand with other Mainland exchanges and warehouses</li> </ul>
	<ul style="list-style-type: none"> <li>Harnessing stakeholders in ecosystem-building activities</li> </ul>	<ul style="list-style-type: none"> <li>Target Chinese Mainland SOEs</li> <li>Increase engagement with private sector stakeholders</li> <li>Organise strategic events and conduct branding campaigns</li> <li>Upgrade market infrastructure to enable 24/7 trading and faster settlement cycles</li> <li>Establish green channels for certain commodity delivery</li> <li>Provide tax and other incentive measures</li> </ul>	<ul style="list-style-type: none"> <li>Enhance trade finance capabilities</li> <li>Establish an industry body and strengthen the regulatory framework</li> </ul>
<b>Products</b> 	<b>Recommendation 2: Prioritising key commodities from key markets</b>		
	<ul style="list-style-type: none"> <li>Building on the strong base of precious metals</li> </ul>	<ul style="list-style-type: none"> <li>Gold</li> </ul>	<ul style="list-style-type: none"> <li>Increase focus on sustainable commodities, gradually expand the product scopes and/or related derivative products</li> </ul>
	<ul style="list-style-type: none"> <li>Attracting trading activities using base metals</li> </ul>	<ul style="list-style-type: none"> <li>Iron ore, copper, and aluminium (bauxite)</li> </ul>	
	<ul style="list-style-type: none"> <li>Capturing the importance of traditional and emerging commodities</li> </ul>	<ul style="list-style-type: none"> <li>Coal, LNG, carbon credits, SAF, and green or renewable energy</li> </ul>	
<b>Infrastructure</b> 	<ul style="list-style-type: none"> <li>Focusing on key markets</li> </ul>	<ul style="list-style-type: none"> <li>Indonesia for coal; Qatar for LNG; Chile and Peru for copper</li> <li>Chinese Mainland for carbon credits and renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>Expand to the broader BRI markets</li> </ul>
	<b>Recommendation 3: Enhancing the connectivity of the commodity markets between the Chinese Mainland and Hong Kong</b>		
	<ul style="list-style-type: none"> <li>Cross-product listing</li> </ul>	<ul style="list-style-type: none"> <li>Partner with the Guangzhou Futures Exchange</li> <li>Consider other futures exchanges in the Chinese Mainland</li> </ul>	<ul style="list-style-type: none"> <li>Seek cross-listing with other regional or international commodity exchanges</li> </ul>
	<ul style="list-style-type: none"> <li>Commodity Connect</li> </ul>	<ul style="list-style-type: none"> <li>Enhance its commodity market to be better prepared for improved connectivity with the Chinese Mainland</li> </ul>	<ul style="list-style-type: none"> <li>Establish a Commodity Connect with the Chinese Mainland</li> </ul>

Thank you!