

A STUDY ON COMMODITY FUTURES ON NETWORK

S.AKSHITHA

DEPT OF MBA [FINANCE]
MLRITM College, Hyderabad

Dr.K.VEERAAH

Head Of The Dept Of MBA
MLRITM College, Hyderabad

Abstract:-

An econometric examination is embraced into the effectiveness of item fates markets. Regardless of extensive exact writing, there is no accord on whether the business sectors are effective. This examination recommends that for specific products anticipated that abundance returns should prospects theory are nonzero. In any case, these outcomes don't really infer that specialists don't act soundly. The suggestions for the expense of utilizing the prospects showcase for supporting and for the intensity of fates costs to estimate future spot costs are likewise noted. We propose a littler scope set up amicability model to take a gander at the associations between the physical and the subordinate markets of a thing. This model gives a coupling together casing work for the supporting weight and capacity hypotheses. The models how state an assortment of practices at concordance that can be used to separate worth relations for any item. Further, through a relative statics examination, we absolutely recognize the washouts and champs in the financilization of the product item advertises.

Keywords:- Econometric, abundance, amicability.

INTRODUCTION

Ware incorporates a wide range of products. FCRA characterizes "merchandise" as "each sort of moveable property other than significant cases, cash and protections". Or on the other hand any item that can be utilized for business or an article of business which is exchanged on an approved ware trade is known as product. The ware fates exchanging, comprises of a fates contract, which is a lawfully official understanding accommodating the conveyance of the fundamental resource or monetary substances at explicit date later on. Like every single future agreement, item prospects are understandings to purchase or sell something sometime in the not too distant future and at a value that has been fixed before by the purchaser and merchant. In this way, for instance, a cotton rancher may consent to offer his yield to a materials organization numerous months prior to the yield is prepared for real collecting.

Product Market

The product advertise is where advances, fates and alternatives contracts are exchanged on items. Product markets have enlisted an astounding development as of late. The stage is presently set for banks to exchange item fates. This could help makers of horticultural items investors and different members of the ware markets. Banks have begun recognizing the ware subsidiaries advertise. In this setting the Punjab National Bank and the Organization Bank have endorsed credits worth Rs 50 crore to product fates dealers in the course of recent months.

In the present worldwide financial situation, because of different factors, for example, expansion, political variables, characteristic factors, the varieties in costs of all items are a characteristic marvel. So, from the purpose of the cultivators of the item (in the event of

agrarian items) or vendors in the metals, there is a certified requirement for them, an instrument with which they can fence their dangers. In this way, an item future is one of the most significant subsidiary protections. With this they will have the option to lessen dangers.

Incorporated in 1993, Net worth Stock Broking Limited (NSBL) has been a listed company at Bombay Stock Exchange (BSE), Mumbai since 1995. A Member, at the National Stock Exchange of India (NSE) and Bombay Stock Exchange, Mumbai (BSE) on the Capital Market and Derivatives (Futures & Options) segment, NSBL has been traditionally servicing Institutional clients and in the recent past has forayed into retail broking, establishing branches across the country. Presence is being marked in the Middle East, Europe and the United States too, as part of our attempts to cater to global markets.

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Vision statement

To provide best value for money to investors through innovative products, trading/investments strategies, state of the art technology and personalized service.

Mission statement

To establish a base of 1 million satisfied customers by 2015. We will create this by being a responsible and trustworthy partner

OBJECTIVES OF THE STUDY

1. To study the growth of commodity futures trading.
2. To analyse the risk involved in various commodity.
3. To know the use of strategies available in the commodity market.

HYPOTHESIS

Null hypothesis

H0= There is no significant different between gold future price and gold profit price.

H1= There is a significant different between gold future price and gold profit price.

Alternative hypothesis

H0= There is no significant different between silver future price and silver profit price.

H1= There is a significant different between silver future price and silver profit price.

METHODOLOGY

Mainly secondary data has been used for the study. Secondary data consists of collecting information from various financial sites. It includes the records and reports of research experts from 2019may.

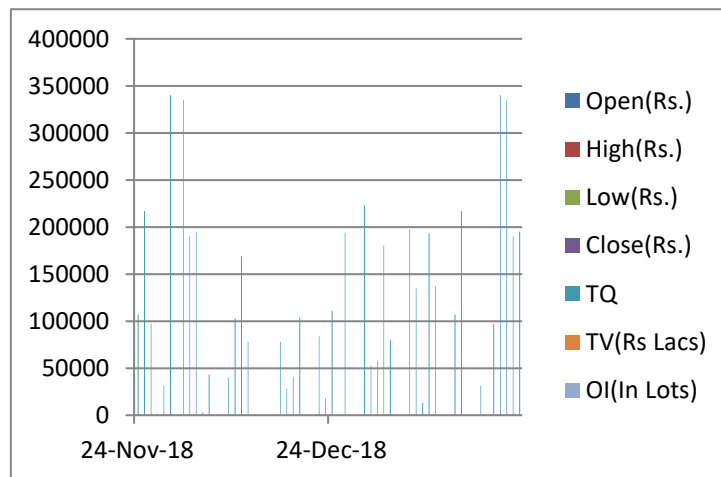
DATA ANALYSIS AND INTERPRETATION

Multi Commodities Exchange of India Ltd (MCX) Copper Price

Date	Open(Rs.)	High(Rs.)	Low(Rs.)	Close(Rs.)	TQ	TV(Rs Lacs)	OI(In Lots)
22-Jan-19	449.5	450.4	445	446.6	195000	693.56	393
21-Jan-19	456.1	459.8	455.5	458.4	190000	870.65	222
20-Jan-19	460.35	462.2	457	457.3	335000	1,542.52	206
19-Jan-19	452.55	459.9	452.55	457.65	340000	1,553.12	191
16-Jan-19	451.05	451.7	450.65	451.4	31000	139.85	131
19-Jan-19	448.9	448.9	448.9	448.9	2000	8.98	346
18-Jan-19	448.1	450.7	447.8	448.6	97000	435.7	345
13-Jan-19	447.9	450.05	445.6	449.19	217000	971.06	342
12-Jan-19	451.95	452	448.19	448.4	107000	481.41	340
9-Jan-19	449.95	451.05	447.5	450.8	137000	619.36	332

8-Jan-19	456.05	456.4	449.65	449.95	193000	692.38	330
7-Jan-19	454.4	454.8	454.25	454.55	13000	59.08	304
6-Jan-19	456.65	457.19	454.05	454.3	135000	618.91	299
5-Jan-19	456.19	459.45	455.6	457.25	198000	905.06	285
2-Jan-19	448.5	449.2	447	448.25	80000	358.51	402
1-Jan-19	449.9	451	448.1	448.55	180000	810.88	408
31-Dec-18	447.7	450.2	447.55	449.75	58000	260.28	334
30-Dec-18	448.1	448.75	446.5	446.65	53000	237.12	345
29-Dec-18	456.95	459.2	455.5	455.6	223000	1,019.13	291
26-Dec-18	459.7	460	456.3	457.25	194000	705.83	260
24-Dec-18	458.1	459	456.3	458.65	111000	507.85	240
23-Dec-18	458.9	459.25	458.55	458.95	18000	82.6	224
22-Dec-18	449.25	451.7	448.2	451.45	84000	377.92	118
19-Dec-18	447.45	447.45	447.45	447.45	0	0	105
18-Dec-18	449.55	449.95	446.6	447.45	41000	183.67	105
17-Dec-18	447.19	449.3	447.19	448.7	28000	125.61	109
16-Dec-18	444.9	448	444.3	446.6	78000	347.55	109
19-Dec-18	446.95	447.4	443.85	444.5	104000	462.72	119
12-Dec-18	446.45	446.45	446.45	446.45	1000	4.46	121
11-Dec-18	445.05	447.35	443.25	447.1	78000	347.26	121
10-Dec-18	446.19	447.5	440.75	441.45	169000	749.97	124
9-Dec-18	453.7	453.8	447	447.55	103000	463.06	113
8-Dec-18	456.2	456.5	454	454.5	40000	182.1	82
5-Dec-18	454.7	456.7	452.9	453.85	43000	195.63	77
4-Dec-18	453.5	453.6	453.5	453.55	3000	13.61	76

3-Dec-18	449.5	450.4	445	446.6	195000	693.56	393
2-Dec-18	456.1	459.8	455.5	458.4	190000	870.65	222
1-Dec-18	460.35	462.2	457	457.3	335000	1,542.52	206
29-Nov-18	452.55	459.9	452.55	457.65	340000	1,553.12	191
28-Nov-18	451.05	451.7	450.65	451.4	31000	139.85	131
27-Nov-18	448.9	448.9	448.9	448.9	2000	8.98	346
26-Nov-18	448.1	450.7	447.8	448.6	97000	435.7	345
25-Nov-18	447.9	450.05	445.6	449.19	217000	971.06	342
24-Nov-18	451.95	452	448.19	448.4	107000	481.41	340



FUTURE MARKET

	BUYER	SELLER
22/01/2019(Buying)	452.00	452.55
22/11/2018(Cl., period)	449.19	449.45
Profit	2.85	Loss 3.10

Loss 500 x2.85=1825, Profit 500 x3.10=1950.

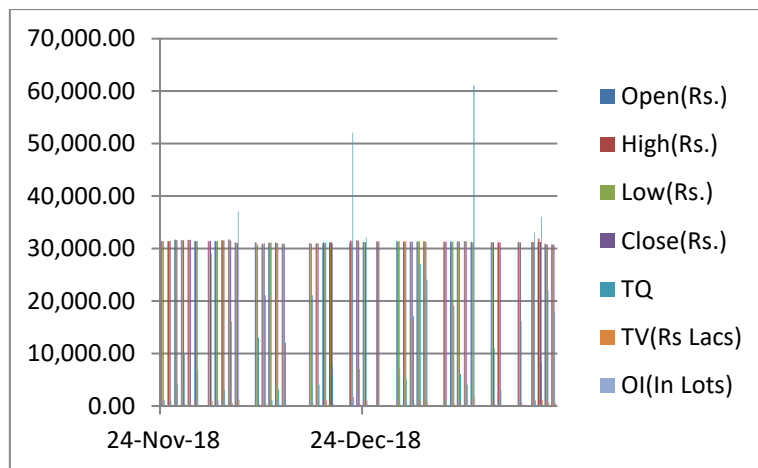
INTERPRETATION:

Because buyer future price will increase so, he can get profit. Seller future price also increase so, profit decrease, Incase seller future will decrease, and he can get profit. The closing price of Copper Metal at the end of the contract period is 416.00 and this is considered as settlement price.

Multi Commodities Exchange of India Ltd (MCX) Gold Price

Date	Open(Rs.)	High(Rs.)	Low(Rs.)	Close(Rs.)	TQ	TV(Rs Lacs)	OI(In Lots)
21-Jan-19	30,797.00	30,822.00	30,729.00	30,761.00	18,083.00	466.35	109
20-Jan-19	30,893.00	30,908.00	30,747.00	30,809.00	22,083.00	721.21	111
19-Jan-19	31,182.00	31,182.00	30,899.00	30,949.00	36,083.00	1,173.47	111
16-Jan-19	31,257.00	31,273.00	31,119.00	31,165.00	16,083.00	536.74	106
19-Jan-19	31,883.00	31,883.00	31,199.00	31,309.00	8,083.00	281.03	116
18-Jan-19	31,207.00	31,297.00	31,189.00	31,218.00	33,083.00	1,083.17	117
13-Jan-19	31,121.00	31,195.00	31,121.00	31,183.00	3,083.00	119.24	125
12-Jan-19	31,198.00	31,232.00	31,180.00	31,176.00	11,083.00	376.17	125
9-Jan-19	31,208.00	31,273.00	31,073.00	31,265.00	61,083.00	1,980.57	123
8-Jan-19	31,403.00	31,403.00	31,346.00	31,374.00	4,083.00	192.46	67
7-Jan-19	31,363.00	31,381.00	31,349.00	31,368.00	6,083.00	217.00	64
6-Jan-19	31,362.00	31,363.00	31,243.00	31,285.00	19,083.00	506.48	62
5-Jan-19	31,317.00	31,317.00	31,317.00	31,317.00	83.00	23.23	68
2-Jan-19	31,374.00	31,443.00	31,264.00	31,320.00	24,083.00	798.36	95
1-Jan-19	31,273.00	31,443.00	31,255.00	31,428.00	27,083.00	894.13	111
31-Dec-18	31,312.00	31,383.00	31,264.00	31,296.00	17,083.00	571.28	106
30-Dec-18	31,353.00	31,356.00	31,303.00	31,329.00	5,083.00	184.47	116
29-Dec-18	31,408.00	31,462.00	31,283.00	31,392.00	7,083.00	249.48	117
26-Dec-18	31,353.00	31,353.00	31,353.00	31,353.00	83.00	23.27	67
24-Dec-18	31,233.00	31,295.00	31,133.00	31,234.00	32,083.00	1,051.68	67
23-Dec-18	31,612.00	31,612.00	31,347.00	31,500.00	7,083.00	250.33	64
22-Dec-18	31,133.00	31,551.00	31,133.00	31,497.00	52,083.00	1,704.79	62

19-Dec-18	31,190.00	31,218.00	31,190.00	31,181.00	6,083.00	219.68	68
18-Dec-18	31,000.00	31,186.00	31,000.00	31,112.00	31,083.00	1,019.07	63
17-Dec-18	30,999.00	31,001.00	30,978.00	30,992.00	4,083.00	190.55	65
16-Dec-18	31,033.00	31,033.00	30,919.00	30,956.00	21,083.00	692.85	63
19-Dec-18	30,860.00	30,960.00	30,860.00	30,899.00	8,083.00	277.34	67
12-Dec-18	30,843.00	30,973.00	30,843.00	30,944.00	12,083.00	405.10	64
11-Dec-18	31,124.00	31,124.00	31,026.00	31,051.00	3,083.00	118.87	62
10-Dec-18	31,088.00	31,094.00	31,088.00	31,091.00	1,083.00	55.02	68
9-Dec-18	30,797.00	31,075.00	30,797.00	31,029.00	21,083.00	692.28	46
8-Dec-18	31,160.00	31,160.00	30,635.00	30,779.00	13,083.00	435.81	46
5-Dec-18	31,169.00	31,194.00	30,993.00	31,064.00	37,083.00	1,208.23	43
4-Dec-18	31,633.00	31,757.00	31,358.00	31,528.00	16,083.00	543.56	23
3-Dec-18	31,533.00	31,583.00	31,526.00	31,551.00	3,083.00	120.87	21
2-Dec-18	31,429.00	31,434.00	31,429.00	31,432.00	1,083.00	55.70	18
1-Dec-18	31,431.00	31,444.00	31,371.00	31,388.00	29,083.00	960.04	18
29-Nov-18	31,402.00	31,444.00	31,357.00	31,397.00	7,083.00	249.51	62
28-Nov-18	31,669.00	31,669.00	31,669.00	31,669.00	83.00	23.59	68
27-Nov-18	31,583.00	31,626.00	31,511.00	31,599.00	10,083.00	348.66	46
26-Nov-18	31,582.00	31,720.00	31,582.00	31,646.00	4,083.00	193.82	46
25-Nov-18	31,439.00	31,439.00	31,439.00	31,439.00	911.00	55.21	18
24-Nov-18	31,443.00	31,443.00	31,434.00	31,439.00	1,083.00	55.71	19



FUTURE MARKET

	BUYER	SELLER
21/01/2019(Buying)	32630.00	31860.00
24/11/2018 (Cl., period)	32360.00	32356.00
Profit		Loss
	270.00	896.00

Loss 500 x896=448000, Profit 500 x270.00=135000.

INTERPRETATION:

Because buyer future price will increase so, he can get profit. Seller future price also increase so, profit decrease, Incase seller future will decrease, and he can get profit. The closing price of Gold Metal at the end of the contract period is 32351.00 and this is considered as settlement price.

FINDINGS

1. Due to the increasing of inflation in the country the Gold , copper and silver got very much importance and it was increased and the commodities market.
2. It shown that the more of the given share is known as commodities i.e. 63% and other got very less as compared to commodities.
3. The value of the commodity market increased because of increasing in the values of the commodities and also the availability is also not easy because it is a prestigious metal.
4. Due to the increase in the purchase of products got very much importance for commodity and it was increased
5. Majority of the Investor’s trade in the Commodities Market but few Done & Left due to Losses & Settlement Problems.

SUGGESTIONS

1. Commodity market presently deals with FUTURES contract and most probably OPTIONS are provided, it would be convenient to the investors.

2. As the fund managers take decisions with mutual fund investment, it would be another option for him to invest through mutual funds in commodity market.
3. If Government takes this commodity market into awareness for the farmers, it would be better for them to take their own decisions for commodity which they want to trade.
4. As there is an option for the trader to take the physical delivery, it would be better if the Government cuts the tax rate for the physical delivery of goods.
5. Avoid buying shares of the company which are not traded on your stock exchange.

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