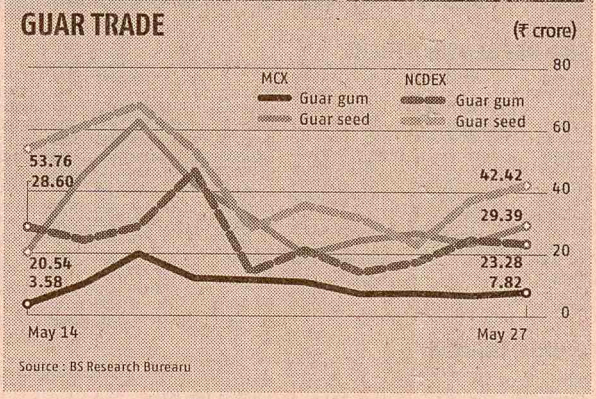
MCX steps up efforts on agri commodities

Guar contracts attract significant traders' interest





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Known for being non-agri, the Multi Commodity Exchange (MCX) has gradually stepped up efforts to attract participation in agri commodities also.

Though contributing insignificantly to the exchange's overall turnover, agri commodities like mentha oil, sugar, potato and cardamom are preferred by traders on the MCX. With around 90 per cent of the market share in overall commodity futures trade, the MCX continued its leadership in almost all non-agri commodities, including base metals, precious metals and energy.

The re-launch of guar contracts, however, has also gained momentum on the MCX after the exchange intensified its efforts to attract participation in this animal feed, along with its derivative – guar gum.

While the National Commodity & Derivatives Exchange (NCDEX) attracted immense traders' interest, MCX also gained momentum in guar segment.

"MCX has stepped up efforts on agri commodities, which resulted in participation in guar contracts," said Naveen Mathur, associated director, Angel Broking.

On the first day of guar relaunch on May 14, MCX clocked ₹3.58 crore turnover in guargum against ₹28.60 crore by NCDEX. Similarly, MCX's guar seed contracts generated a total business of ₹20.54 crore on May 14 against ₹53.76 crore by NCDEX.

Gradually, however, the business from the two recently launched contracts remained volatile across both exchanges. On May 27, the turnover in both guar gum and seed at MCX ended at ₹7.82 crore and ₹29.39 crore in comparison with ₹23.28 crore and ₹42.42 crore, respectively, on the NCDEX.

The Forward Markets Commission (FMC), the commodity derivatives market regulator, allowed futures trading in guar contracts after over a year following the price of seed and guar gum shooting up abnormally high in domestic markets without fundamental support .

The ministry of consumer affairs investigated into the issue over complaints by a number of traders and discovered some traders had manipulated the price to achieve quick gains. The matter is being further investigated.

According to an analyst, traders are a bit cautious now.