Business Standard

MCX cotton volume soars to highest turnover of Rs 407 cr

Big apparel companies like Arvind have increased their hedging for cotton requirement on MCX

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MCX building in Mumbai

Cotton futures on MCX, more known for its energy and metal commodities derivative trading, has seen the highest trading volume among all agri commodities across exchanges.

MCX cotton futures turnover clocked Rs 407.65 crore yesterday, which is the highest amongst all agri commodities across exchanges.

According to a broker on MCX , which deals with many companies hedging their cotton requirement on the exchange platform, "Big apparel companies like Arvind, multinational trading firms and mid size year spinning and other textile companies have increased their hedging for cotton requirement on the MCX platform, thus contributing to the high volumes." He declined to be named as some companies are hedging through his broking arm on MCX.

However NCDEX continues to be the major exchange for agri trading and their efforts to lure farmers have yielded results with over one lakh farmers hedging directly or through aggregators on NCDEX platform.

NCDEX has tied up with several NGOs and companies to help and guide farmers to hedge their produce on the exchange.

An MCX spokesperson said, "During the last one year, MCX's focus on agri commodities has substantially increased, thus strengthening its position in the agri segment."

So far as cotton is concerned, MCX cotton prices have become a benchmark for cotton industry in India

MCX cotton average daily volume in the month of March 2017 stood at 1.40 lakh bales as compared to 0.75 lakh bales in March 2016, a notable increase of over 86 per cent.

Average daily turnover on MCX cotton futures increased to Rs 298 crore in the month of March 2017, up by 148% as compared to Rs 120 crore in March 2016.