Agri contracts boost MCX turnover

SURESH P IYENGAR

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MCX, the country's largest commodity exchange, has seen renewed trading interest in four agriculture commodities – cotton, mentha, crude palm oil and cardamom – even as overall turnover on the exchange is limping back to normalcy after being hit by the demonetisation of high-value currency in November.

The turnover on cotton contracts has bounced back by registering ₹6,332 crore in January against ₹2,777 crore logged in December.

Similarly, cardamom turnover more than doubled last month to ₹227 crore against ₹125 crore recorded in December.

MCX has taken a special initiative to promote trading interest in agriculture commodities.

Veeresh Hiremath, Research Analyst, Karvy Comtrade, said the extended trading time till 9.30 pm for international-linked agriculture commodities such as cotton and CPO has helped the exchange attract more participation and boost turnover.

That apart, he added, the rally in cotton and cardamom prices in the last few months has also improved the total turnover in these commodities.

Moreover, the margins on agricultural commodities linked to the international market are nominal as they are not very volatile, he said.

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Demonetisation impact

In fact, the currency demonetisation impact was felt more in December, with volumes taking a hit in mentha oil and crude palm oil. The volume on mentha in December was down at 19,314 tonnes against 22,604 tonnes registered in November, while that of CPO fell to 7.07 lakh tonnes from 7.10 lakh tonnes.

The overall turnover on the exchange dipped to ₹3.82 lakh crore in December from ₹5.51 lakh crore recorded in November.

However, it rebounded to ₹4.11 lakh crore in January.

NCDEX suffers

The country's second largest exchange, NCDEX, also felt the brunt of currency demonetisation with turnover in December falling to ₹22,140 crore from ₹31,645 crore in November.

However, it recovered to close January with a turnover of ₹27,466 crore.

Tough December quarter

In fact, the turnover on both exchanges in the December quarter fell due to the currency demonetisation.

Agriculture-commodity focused NCDEX's turnover almost halved in the December quarter to ₹93,491 crore against ₹1,86,188 crore logged in the September quarter.

MCX's turnover in the same period was down 15 per cent at ₹1.39 lakh crore (₹1.63 lakh crore).

Revival in interest

