THE HINDU
BusinessLine

MCX crude option turnover surges to □582 cr in November

OUR BUREAU

MUMBAI, NOVEMBER 27

MCX crude oil options contract registered a record turnover of □582 crore and highest volume of 13,62,600 barrels on November 14 with the open interest hitting a peak of 6,26,500 barrels in the month.

The average daily turnover and volume in the crude oil options contract was □207 crore and 4,73,900 barrels this month against □117 crore and 2,40,600 barrels in May, logging a substantial volume growth of 97 per cent.

The European-style crude oil option is based on the underlying MCX crude oil futures contract (100 barrels) traded on the exchange.

The average daily volatility in crude oil prices for this year has been 1.80 per cent. This highlights the significance and the need for derivatives products such as options as a price risk management instrument for stakeholders in the energy value chain, including petrochemicals, glass manufacturing, textiles, heat treatment sectors and transportation, which are highly exposed to crude oil price volatility.

MCX Managing Director Mrugank Paranjape said that paired with MCX crude futures, the option has been offering immense value to stakeholders by

facilitating price discovery, offering protection and hedging opportunities to increasingly vulnerable industry participants.

Sanjay Rawal, President, Commodity Participants Association of India, said the ongoing volatility in the crude oil market has encouraged hedging activity in the energy derivative segment on the MCX.

The MCX crude oil options contract has helped stakeholders looking to hedge against volatility in fuel prices such as aviation fuel, furnace oil and naphtha as they have a strong correlation with crude oil prices.