

A STUDY ON COMMODITIES MARKET WITH REFERENCE TO PRECIOUS METALS AT ANGEL BROKING Ltd, HYD

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ABSTRACT

Commodity Market is tied in with exchanging of valuable metals, vitality, oil, flavors and so on. To recognize what is Commodity advertise and additionally read about the advantages of exchanging commodity showcase!

Gold and different metals can be gotten to in number of ways including customary physical possessions, prospects contracts, D-tangle structures, ETFs and through corresponded markets, for example, mining stocks. Every method of possessions has its own focal points and disservices yet with such huge numbers of choices accessible, financial specialists of different kinds ought to have the option to discover an item to coordinate their personality.

Exchanging commodities prospects has a long history. Be that as it may, sorted out exchanging on a trade began in 1848 with the foundation of the Chicago Board of Trade (CBOT).

Keywords: Commodity Market, Commodity advertise, mining stocks

INTRODUCTION

Commodity Market is tied in with exchanging of valuable metals, vitality, oil, flavors and so on. To recognize what is Commodity advertise and additionally read about the advantages of exchanging commodity showcase!

Gold and different metals can be gotten to in number of ways including customary physical possessions, prospects contracts, D-tangle structures, ETFs and through corresponded markets, for example, mining stocks. Every method of possessions has its own focal points and disservices yet with such huge numbers of choices accessible, financial specialists of different kinds ought to have the option to discover an item to coordinate their personality.

Exchanging commodities prospects has a long history. Be that as it may, sorted out exchanging on a trade began in 1848 with the foundation of the Chicago Board of Trade (CBOT).

Commodities futures contracts and the trades they exchange are administered by the Forward Contracts (Regulation) Act, 1952. The controller is the Forward Markets Commission (FMC), a division of the Ministry of Consumer Affairs, Food and Public Distribution.

In 2002, the Government of India permitted the re-presentation of commodity futures in India. .

1. National Commodity and Derivative Exchange
2. Multi Commodity Exchange
3. National Multi Commodity Exchange of India

As far as piece of the pie, MCX is today the biggest commodity futures trade in India, with a piece of the pie of near 70%. NCDEX follows with a piece of the overall industry of around 25%, leaving the parity 5% for NMCE.

OBJECTIVES OF THE STUDY

- The main objective is calculation of bullion market to find out profit/loss.
- To look at approximately NSE exchange trading in Indian commodity market.
- To examine the operating procedure, buying and selling and settlement mechanism for commodities (Gold metals, gold and Silver) In Indian stock exchange.
- Gold, silver trading in bullion market can sometimes be used as a safe-haven investment or hedge against inflation, which may also affect its trading value.

NEED OF THE STUDY

- India has traditionally been a place where people have great fondness for precious metals like silver and gold.
- Among all the precious metals, silver, by virtue of being more affordable, has been a preferred choice of masses for ornaments and bullion investment there is a good market, which offers fair price discovery and reasonable liquidity.
- However, the price of silver has been range-bound for quite some time, while gold on the other hand has done fairly well on medium to long-term basis. So, is investing in precious metals a good idea.

- To find out the consumer selection manner and what are steps needed for decreasing the risks.

SCOPE OF THE STUDY

- The study particularly makes a specialty of Indian commodities market, its records and ultra-modern developments inside the country in commodities market (Gold, metal and Silver).
- For these study past one year contract executed on gold, gold metal sliver for the past one year data one national stock exchange we will analyze the profit and loss of bullion markets.

RESEARCH METHODOLOGY

The present have a look at is performed to provide records to the organization concerning the investor perception closer to commodity market. The fundamental goal of the examine is to recognize the Commodities region of the market, its trading in India and majorly research on How are Commodities used as Assets (Preferences on the idea of which they make a selection among equities and other funding zones and Commodities).

SOURCE OF THE DATA

Secondary records Secondary statistics was accumulated from NSE India and from commodities (Gold and Silver) buying and selling websites. The statistics will be gathered to secondary assets like journal articles.

TOOLS AND TECHNIQUES

P/L= settlement price-spot price

LIMITATIONS OF THE STUDY

- Commodity market is very difficult to predict, commodity fees rely upon regions, monsoon, transportation cost, demand deliver theory, import/export policies & global markets trends. So commodity market place experience volatility that cannot be predicted easily.
- Commodity market not yet evolved in India so its miles much less reliable

- Without knowing the spot markets for commodities it is very difficult to play with destiny markets.

REVIEW OF LITERATURE

Sathya S. (2015) in his study “A Comparative Study on Equity, Commodity, Currency Derivatives in India - Evidence from Future Market with special reference to BSE Ltd, Mumbai” examine that the Derivatives are financial contracts whose value is derived from some underlying asset. These assets can include equities and equity indices, bonds, loans, interest rates, exchange rates, commodities. The contracts come in many forms, but the more common ones include options, forwards/futures and swaps. The results shows negatively correlated with equity, commodity, and currency returns.

Irfan ul haq and K Chandrasekhar Rao (2014) in his study “Efficiency of Commodity Markets A Study of Indian Agricultural Commodities” investigated the efficiency of Indian agricultural commodities futures market through the use of time series methodologies. The markets for all the ten commodities included in the study are efficient in long short run inefficiencies and pricing biases exist, which can be attributed to dynamic lag structure and slow adjustment to long run equilibrium.

Gupta and Ravi (2013) explored the efficiency between commodity futures and spot markets at MCX, NMCE and NCDEX for chana, guarseed, wheat, and potato and cotton seed oil cake. They found evidences of efficiency in most of the sample commodities. Further they examined the association between the spot price of commodities like Chana, Guarseed, Refined soya oil, Gold and Silver, and WPI. Spot prices of commodities were found to be responsible for rise in WPI inflation

DATA ANALYSIS AND INTERPRETATION

- **Statement showing that the commodity contract with a reference to gold metal 1-01-2019 to 31-03-2019.**

P/L= settlement price-spot price

Interpretation:-

From the above table it represents the profit/loss of gold metals for a period of three months i.e. from 01-01-2019 to 31-03-2019. the minimum value of the contract is (-111) for 25-03-2019 and maximum profit for this contract is (717) for 4-03-2019

- **Statement showing that the commodity contract with the reference to gold metal from 1-04-2019 to 30-06-2019.**

P/L= settlement price-spot price

Interpretation:-

From the above table it represents the profit/loss of gold metals for a period of three months i.e. from 01-04-2019 to 31-06-2019. the minimum value of the contract is (-379) for 13-05-2019 and maximum profit for this contract is (282) for 17-04-2019.

- **Statement showing that the commodity contract with a reference to gold metal 1-07-2019 to 30-09-2019.**

P/L= settlement price-spot price

Interpretation:- From the above table it represents the profit/loss of gold metals for a period of three months i.e. from 01-07-2019 to 30-09-2019. the minimum value of the contract is (-682) for 07-08-2019 and maximum profit for this contract is (441) for 05-07-2019

- **Statement showing that the commodity contract with the reference to gold metal from 1-10-2019 to 31-12-2019.**

P/L= settlement price-spot price

Interpretation:-

From the above table it represents the profit/loss of gold metals for a period of three months i.e. from 01-10-2019 to 31-12-2019. the minimum value of the contract is (-294) for 01-10-2019 and maximum profit for this contract is (557) for 31-10-2019.

- **Statement showing that the commodity contract with the reference to gold from 1-01-2019 to 31-03-2019.**

P/L= settlement price-spot price

Interpretation:-

From the above table it represents the profit/loss of gold for a period of three months i.e. from 01-01-2019 to 31-03-2019.the minimum value of the contract is (-90) for 25-03-2019 and maximum profit for this contract is (622) for 31-01-2019.

- **Statement showing that the commodity contract with the reference to gold from 1-04-2019 to 31-06-2019.**

P/L= settlement price-spot price

Interpretation:-

From the above table it represents the profit/loss of gold for a period of three months i.e. from 01-04-2019 to 30-06-2019.the minimum value of the contract is (-83) for 27-05-2019 and maximum profit for this contract is (343) for 31-06-2019.

- **Statement showing that the commodity contract with the reference to gold from 1-07-2019 to 30-09-2019.**

P/L= settlement price-spot price

Interpretation:-

From the above table it represents the profit/loss of gold for a period of three months i.e. from 01-07-2019 to 30-09-2019.the minimum value of the contract is (-708) for 23-08-2019 and maximum profit for this contract is (528) for 30-09-2019.

- **Statement showing that the commodity contract with the reference to gold from 1-10-2019 to 31-12-2019.**

P/L= settlement price-spot price

Interpretation:-

From the above table it represents the profit/loss of gold for a period of three months i.e. from 01-10-2019 to 31-12-2019.the minimum value of the contract is (-300) for 4-12-2019 and maximum profit for this contract is (852) for 05-11-2019.

- **Statement showing that the commodity contract with the reference to silver from 1-01-2019 to 30-03-2019.**

P/L= settlement price-spot price

Interpretation:-

From the above table it represents the profit/loss of gold for a period of three months i.e. from 01-01-2019 to 31-03-2019. the minimum value of the contract is (-553) for 28-03-2019 and maximum profit for this contract is (398) for 28-03-2019.

- **Statement showing that the commodity contract with the reference to silver from 1-04-2019 to 30-06-2019.**

Interpretation:-

From the above table it represents the profit/loss of gold for a period of three months i.e. from 01-04-2019 to 30-06-2019. the minimum value of the contract is (-203) for 23-04-2019 and maximum profit for this contract is (393) for 8-04-2019.

- **Statement showing that the commodity contract with the reference to silver from 1-07-2019 to 30-09-2019.**

P/L= settlement price-spot price

Interpretation:-

From the above table it represents the profit/loss of gold for a period of three months i.e. from 01-07-2019 to 30-09-2019. the minimum value of the contract is (-44) for 26-08-2019 and maximum profit for this contract is (68) for 26-08-2019

FINDINGS

GOLD METAL:

- Gold metal has highest profit of (717) on 25-03-19 and loss of (-111) on 04-03-19 for a period of 01-01-19 to 31-03-19.

- Gold metal has highest profit of (282) on 17-04-19 and loss off (-379) on 13-05-19 for a period of 01-04-19 to 30-06-19.
- Gold metals has profit of (441) on 05-07-19 and loss off (-682) on 07-08-19 for a period of 01-07-19 to 30-9-19.
- Gold metals has profit of (557) on 31-10-19 and loss off (-294) on 01-10-19 for a period of 01-10-19 to 31-12-19.

GOLD:

- Gold has profit of (622) on 31-01-19 and loss of (-90) on 25-03-19 for a period of 01-01-19 to 31-12-19.
- Gold has profit of (343) on 27-10-19 and loss off (-83) on 27-06-19 for a period of 01-04-19 to 30-06-19.
- Gold has profit of (528) on 13-08-19 and loss off (-708) on 23-08-19 for a period of 01-07-19 to 30-09-19.
- Gold has profit of (852) on 05-11-19 and loss off (-300) on 04-12-19 for a period of 01-10-19 to 31-12-19.

SLIVER:

- sliver has a profit of (398) on 28-03-19 and loss off (-553) on 08-03-19 for a period of 01-01-19 to 31-03-19
- Sliver has a profit of (393) on 23-04-19 and loss off (-203) on 08-04-19 for a period of 01-04-19 to 30-06-19.
- Sliver has a period of (68) on 20-08-19 and loss off (-44) on 26-08-19 for a period of 01-07-19 to 30-09-19.

SUGGESTIONS

- Find out the overall performance of gold metal, gold sliver for length of 3months the use of above techniques.
- Investing in commodities as an asset is always precise for long term.
- It's a good instrument for diversification.
- Investor must display interest is steady and fast boom shares only.
- Especially in gold and silver they thought to spend money on minimal lump-sum quantity which isn't always less expensive to small traders so if minimum funding is

reduced to a few extent that might assist to more humans to spend money on commodities.

- Before making an investment in commodity marketplace first select the high-quality intermediate company because pleasant intermediate organization have marketplace analysts and they give exceptional advices for minimize the danger in commodity marketplace.

CONCLUSION

- Worldwide recession cost of worldwide market gold, silver has downfall in Indian market due to GST and taxes imports and exports responsibilities the fee of the gold will be increase even international markets trading poor also.
- In commodity marketplace the most part utilized for destiny market cost.
- Moreover, considerable studies have been done concerning the reasons for investing in commodities and the way to advantage exposure to the commodity sector.

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