



ANALYSIS OF PROFIT AND LOSS IN MCX COMMODITY AT SKY COMMODITY INDIA PRIVATE LIMITED

Management

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ABSTRACT

This Research paper is on Analysis of profit and loss in MCX commodity at Sky commodity India private limited. Any product that can be used for commerce or an article of commerce which is traded on an authorized commodity exchange is known as commodity. The Objectives are followed the Primary Objective to Analysis of profit and loss in MCX Commodity trading. An analytical method of research is helpful to analyze the research data. Data collected in the research through secondary source. The MCX commodity price for last two years (2015 and 2016) is collected from MCX website. Researcher used the Profit and Loss, Ranking Analysis and Simple moving average techniques to find out the profit and loss of commodity trading. The valuable suggestion and recommendation has helpful the investors to know about the profit and loss of their commodity trading.

KEYWORDS

Commodity, Profit & Loss, Purchase Price, Sales Price, Commission

This Research paper is on Analysis of profit and loss in MCX commodity at Sky commodity India private limited. Any product that can be used for commerce or an article of commerce which is traded on an authorized commodity exchange is known as commodity. The Objectives are followed the Primary Objective to Analysis of profit and loss in MCX Commodity trading. An analytical method of research is helpful to analyze the research data. Data collected in the research through secondary source. The MCX commodity price for last two years (2015 and 2016) is collected from MCX website. Researcher used the Profit and Loss, Ranking Analysis and Simple moving average techniques to find out the profit and loss of commodity trading. The valuable suggestion and recommendation has helpful the investors to know about the profit and loss of their commodity trading.

Primary Objective

- Analysis the profit and loss commodity trading at sky commodities India private limited, Chennai
- **Secondary Objectives**
- To know the profit and loss position of the Investor in commodity trading
- To know the performance of the commodity trading at sky commodities India private limited, Chennai
- To know the pricing moving trend of commodity for the year 2015 and 2016

REVIEW OF LITERATURE

Sagar Suresh Dhole (2014) in his research paper "Commodity Futures Market in India: The Legal Aspect and its Rationale" investigated the antiquity of commodity futures market in India epoch back to the ancient times cited in Kautilya's "Arthashastra", and have been commodity heard in Indian markets for centuries, seems to be coined in 320 BC, referred in Forward Contracts (Regulation) Act, 1952. They found the markets have made enormous advancement in terms of technology, transparency and the trading activity. Interestingly, this has happened only after the Government protection was removed from a number of commodities, and market forces were allowed to play their role.

Mr. Sharma KRS (2013) in his research paper "A Study of Commodity Futures in India" perception towards commodities futures trading in India with special reference to commodity Futures exchanges. The growth of commodity derivative market in the country has been impressive. With institutional players prevented from participating in the commodity futures market, the retail investors, as a group, have emerged as major players in the said market.

Harvindaer pal Kaur and Dr. Bimal Anjum (2013) in his study titled "Commodity Derivatives Market in India" examined that the India is among the apex producers of a number of commodities and has a long history of trading in commodity derivatives. Commodity market has occupied imperative position in Indian economy since the establishment of Forward Market Commission in April 2003

Dr. Sunitha Ravi (2013) in her research paper studied the "Price Discovery and Volatility Spillover in Indian Commodity Futures Markets Using Selected Commodities". The results of the research study indicate that the future market of the commodities is more efficient as compared to spot market. The future market also helps spot market in the process of Price Discovery. She found that the derivative instruments are available for the underlying commodities significantly influence the volatility.

Gopal Naik and Sudhir Kumar (2002) in their research paper "Efficiency and Unbiasedness of Indian Commodity Futures Markets" emphasized that agricultural commodity futures market has not fully developed as competent mechanism of price discovery and risk management. Type of Research

Analytical Research: In analytical research, the researcher has to use facts or information already available, and analyze these to make a critical evaluation of the material.

Collection of Secondary Data

Secondary data is taken from MCX Bhav Copy.

Analysis tools

1. Profit and Loss

Researcher have created four section/tables to understand the profit and loss when you trade in MCX. Researchers have calculated the profit and loss for certain products for understanding purpose only.

2. Ranking method

A ranking is a relationship between a set of items such that, for any two items, the first is either 'ranked higher than', 'ranked lower than' or 'ranked equal to' the second. In mathematics, this is known as a weak order or total preorder of objects. It is not necessarily a total order of objects because two different objects can have the same ranking.

3. Moving Average

A simple moving average can be calculated by values over a set number of periods and then dividing the sum by the total number of values. The various simple moving averages are 200 day simple moving average, 100 day simple moving average, 50 day simple moving average and 10 day simple moving average.

MCX PROFIT/LOSS CALCULATION-GOLD (APRIL 2015-MARCH 2016)

1.1.1 Table

S.No	Commodity	Month & Year	Average Purchase Price	Average Sales Price	Lot Size	Brokerage Commission	Profit/Loss (Rs)
1	Gold	Apr-15	26295	26520	100	0.0001	21971.85
2	Gold	May-15	27067.81	27075.57	100	0.0001	258.57

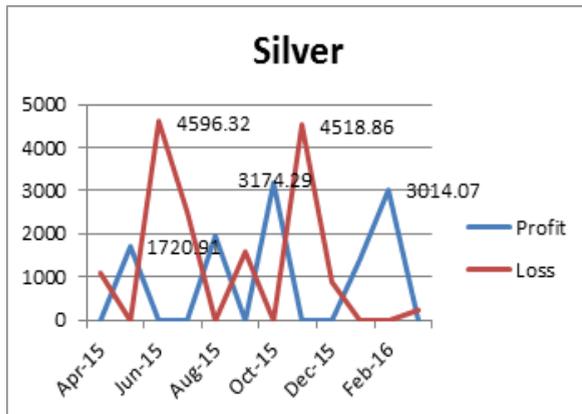
3	Gold	Jun-15	26765	26742.6	100	0.0001	-2775.08
4	Gold	Jul-15	25499.49	25508.48	100	0.0001	644.01
5	Gold	Aug-15	24654.33	24713.67	100	0.0001	6373.91
6	Gold	Sep-15	26410.27	26355.27	100	0.0001	-6027.62
7	Gold	Oct-15	26000	25863	100	0.0001	-14218.63
8	Gold	Nov-15	25511.81	25429.19	100	0.0001	-8771.41
9	Gold	Dec-15	25036.75	24959	100	0.0001	8274.96
10	Gold	Jan-16	25939.3	26005.65	100	0.0001	5615.55
11	Gold	Feb-16	27040.6	27096.4	100	0.0001	5048.63
12	Gold	Mar-16	29187.23	29154.72	100	0.0001	-3834.41

Inference: The table shows the monthly profit and loss of the Gold in MCX for the period of 2015-2016, which indicates 47543.37, is the average profit for a lot and Rs.35627.15 is the average loss for one lot. The maximum profit of the Gold in the year of 2015-16 is Rs. 21971.85 from the month of April 2015. The maximum loss of the Gold in the year of 2015-16 is Rs. 14218.63 from the month of October 2015.

MCX PROFIT/LOSS CALCULATION-SILVER (APRIL 2015-MARCH 2016) 1.1.2 Table

S.No	Commodity	Month & Year	Average Purchase Price	Average Sales Price	Lot Size	Brokerage Commission	Profit/Loss (Rs)
1	Silver	Apr-15	36812.81	36783.24	30	0.0001	-1107.88
2	Silver	May-15	38594.43	38659.52	30	0.0001	1720.91
3	Silver	Jun-15	37475.09	37329.36	30	0.0001	-4596.32
4	Silver	Jul-15	34789.43	34712.83	30	0.0001	-2506.49
5	Silver	Aug-15	34747.57	34820.05	30	0.0001	1965.7
6	Silver	Sep-15	35445.41	35400.09	30	0.0001	-1572.14
7	Silver	Oct-15	36845.81	36959	30	0.0001	3174.29
8	Silver	Nov-15	34415.95	34272.19	30	0.0001	-4518.86
9	Silver	Dec-15	34069	34043.18	30	0.0001	-886.94
10	Silver	Jan-16	34094	34148.7	30	0.0001	1436.27
11	Silver	Feb-16	36651.09	36758.9	30	0.0001	3014.07
12	Silver	Mar-16	37150	37149.32	30	0.0001	-243.29

1.1.1 Figure



Inference: The table shows the monthly profit and loss of the Silver in MCX for the period of 2015-2016, which indicates 11311.24, is the average profit for a lot and Rs. 15431.92 is the average loss for one lot. The maximum profit of the Silver in the year of 2015-16 is Rs. 3174.29 from the month of June 2015. The maximum loss of the Silver in the year of 2015-16 is Rs. 4596.32 from the month of October 2015.

MCX PROFIT/LOSS CALCULATION-COPPER (APRIL 2016-MARCH 2017) 1.1.3 Table

S.No	Commodity	Month & Year	Average Purchase Price	Average Sales Price	Lot Size	Brokerage Commission	Profit/Loss (Rs)
1	Copper	Apr-16	320.25	321.05	1000	0.0001	735.86
2	Copper	May-16	316.13	314.86	1000	0.0001	-1333.10
3	Copper	Jun-16	311.79	312.31	1000	0.0001	457.59
4	Copper	Jul-16	330.57	330.50	1000	0.0001	-136.11
5	Copper	Aug-16	318.78	317.35	1000	0.0001	-1493.62
6	Copper	Sep-16	319.35	319.91	1000	0.0001	496.05
7	Copper	Oct-16	319.11	318.97	1000	0.0001	-203.81
8	Copper	Nov-16	367.03	370.26	1000	0.0001	3156.27
9	Copper	Dec-16	386.74	385.95	1000	0.0001	-867.27
10	Copper	Jan-17	392.91	394.22	1000	0.0001	1388.71
11	Copper	Feb-17	399.67	398.93	1000	0.0001	-818.86
12	Copper	Mar-17	390.51	389.33	1000	0.0001	-1257.98

1.1.3 Figure

Inference: The table shows the monthly profit and loss of the Copper in MCX for the period of 2016-2017, which indicates Rs. 6234.48 is the average profit for one lot and Rs. 6110.74 is the average loss for one lot. The maximum profit of the Copper in the year of 2016-17 is Rs. 3156.27 from the month of November 2016. The maximum loss of the Copper in the year of 2016-17 is Rs. 1493.62 from the month of August 2016.

S.N O	COMMODITY	AVERAGE PROFIT / LOSS (2015)	RANK	S.N O	COMMODITY	AVERAGE PROFIT / LOSS (2016)	RANK
1	Mentha Oil	204651.34	1	1	Mentha Oil	229206.18	1
2	Crude Oil	62869.10	2	2	Cardamom	87322.32	2
3	Natural Gas	61186.93	3	3	Nickel	7101.8	3
4	Cardamom	47754.86	4	4	Zinc	6885.99	4
5	Zinc	26410.91	5	5	Aluminum	4891.29	5
6	Gold	11916.29	6	6	Lead	3537.84	6
7	Lead	-2046.35	7	7	Copper	123.73	7
8	Aluminum	-3507.78	8	8	Silver	78.61	8
9	Silver	-4176.39	9	9	Crude Oil	-272.64	9
10	Copper	-4260.89	10	10	Natural Gas	-916.36	10
11	Nickel	-4666.29	11	11	Gold		11

Table: 1.1.4

S.N O	COMMODITY	2015				2016		
		50 DAYS SMA	100 DAYS SMA	200 DAYS SMA	50 DAYS SMA	100 DAYS SMA	200 DAYS SMA	
1	Gold	26304.42	26613.71	NIL	30219.10	29523.13	NIL	
2	Silver	37522.82	35779.71	35284.17	40311.98	42812.80	42318.30	
3	Copper	389.40	350.37	315.84	318.41	319.49	386.05	
4	Nickel	829.40	706.91	585.40	592.92	673.85	718.93	
5	Lead	124.59	113.27	115.03	115.51	125.24	149.71	
6	Zinc	113.38	103.85	101.14	126.16	148.86	180.28	
7	Aluminum	140.15	121.00	109.69	105.56	110.49	121.47	

8	Crude oil	3601.38	2740.36	2385.3	2996.80	3235.74	3431.83
9	Natural Gas	174.53	170.72	134.85	146.57	189.62	212.27
10	Cardamom	838.17	730.33	NIL	812.41	1296.55	NIL
11	Mentha Oil	969.05	947.77	903.89	857.89	891.51	1007.09

SIMPLE MOVING AVERAGE: Table: 1.1.5

Findings

Ranking Analysis

The ranking analysis of the sky commodities in MCX of the period of 2015, which indicates the Mentha oil is the maximum profit for the year 2015 and its indicate the first position in ranking analysis and the Nickel is the maximum loss for the year 2015 and its indicate the last position in the ranking analysis.. For the year 2016, the Mentha oil is the maximum profit for the year 2016 and it seeks first position in ranking analysis and Gold is the maximum loss for the year 2016 and it seeks last position in the ranking analysis.

Simple Moving Average

The simple moving average for 50 days, 100 days and 200 days for MCX commodity for 2015 and 2016. The aim of simple moving average is to know the changes in commodity price level for first 50 days, first 100 days and first 200 days. Its helps to know the level of market condition and position of investor about the commodity trading.

Conclusion

The commodity trading is major platform for the investor and farmer to trading their commodity through MCX trading. Commodity trading protects the investor from the open market to selling the commodity at a lower price. Commodity trading creates a platform for the investor to buying and selling the commodity to through online trading with measureable price. SEBI control the investor pricing level and brokerage commission during the trading activities. Most of the investor has less awareness about the commodity trading because of unknown level of risk and return. Measuring the profit and loss of commodity trading is biggest challenges for the investor to know the real position of the market. Profit and loss of commodity trading is determined based on the economic wealth of nation. Profit and loss measure should help the investor to know the risk and return for their investment