Commodity at a Glance

NCDEX Barley Futures

- Benchmark Futures contract for Barley
- Hedging and price risk management tool for value chain
- Efficient and transparent price discovery
- Robust delivery mechanism
- Connects the entire value chain

NCDEX

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Launch on 11 December, 2006

* Highest monthly
  ADTQ 37,620 MT
  ADOI 46,410 MT

* Total deliveries till Jan 2019
  2,34,810 MT

* Since Inception
SEASONALITY

Barley is cultivated as a Rabi crop in India, with the sowing done in October-November and harvesting in March-April.

Barley, being a good source of protein, is used as a feed for the livestock. The by-products of malted barley are used for animal feed.

Used for human consumption as porridge, muesli, cookies, muffins, cookies, breads, pasta, etc.

Barley is malted to be used in alcoholic beverages like beer, wine, etc and is also used as flavors, sweeteners, malt extracts, malt flours, etc.

The barley straw is used to make the bed for the livestock, while bales of barley are used in making paper, fiberboard, etc.

USES OF BARLEY

- Production of Barley in India is limited to around 13 to 18 Lakh MT a year
- Major producing state: Rajasthan and Uttar Pradesh
- Major consuming states:
  - Haryana, Delhi NCR and some parts of MP (by the brewing industry)
  - Uttar Pradesh, Punjab, Haryana and Jammu (by the cattle feed industry)

PRICE RISK HEDGING

Processor/Hedger locks in the Barley Futures price at Rs 1650/quintal for a long position

If the price of Barley decreases in the physical market, the gain in the physical market is offset by the loss in the Futures market

If the price of Barley increases in the physical market, the loss in the physical market is offset by the gain in the Futures market

Farmer/Hedger locks in the Barley Futures price at Rs 1700/quintal for a short position

If the price of Barley decreases in the physical market, the loss in the physical market is offset by the gain in the Futures market

If the price of Barley increases in the physical market, the gain in the physical market is offset by the loss in the Futures market

FACTORS INFLUENCING THE PRICE

- Weather condition
- Government policies on Import and Export
- International Prices
- Carryover stocks
- Price movement in other production and consumption countries

Barley Volatility

Source - NCDEX Futures Price

Annualised Volatility

2016-17 (22.41%) 2017-18 (15.15%) 2018-19 (24.30%)

Graphs: For illustrative purposes only