Commodity at a Glance

NCDEX Cotton Seed Oilcake Futures

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

Launched on 5th April, 2005

<table>
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<th>*Highest monthly</th>
<th>ADTQ</th>
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<td>3,05,870 MT</td>
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*Total deliveries till Feb 2019
12,22,170 MT

Since Inception

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**Since Inception**
India is one of the largest producers in the world with annual production of around 75 - 90 Lakh MT. Major producing states: Gujarat, Maharashtra, Telangana, Andhra Pradesh and Punjab. Major consuming states: Rajasthan, Punjab, Delhi, Telangana/AP, Haryana, Gujarat, Maharashtra and MP. There is no export or import of this commodity. The total quantity is produced and consumed domestically.

## SEASONALITY

Cotton seed oil cake fresh production starts after the cotton arrivals in different regions of India.

<table>
<thead>
<tr>
<th>Gujarat</th>
<th>Maharashtra</th>
<th>Telangana &amp; A. P.</th>
<th>Punjab</th>
<th>Haryana</th>
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<tr>
<td>May</td>
<td>June</td>
<td>July</td>
<td>August</td>
<td>September</td>
</tr>
<tr>
<td>Sowing</td>
<td>Growth</td>
<td>Harvesting</td>
<td></td>
<td></td>
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## USES OF COTTON SEED OILCAKE

- When Cotton Seed is crushed for extraction of oil, the by-product which remains after extraction of oil is called Cotton Seed Oil Cake or Kapasia Khali in hindi. This is mainly used as cattle feed.
- Cotton Seed Oil Cake has around 25% protein content in it. Consumption of Cotton Seed Oil Cake by cattle does add viscosity to the milk.

## FACTORS INFLUENCING THE PRICE

- Weather condition in cotton producing areas especially at sowing, flowering and harvesting stage
- Demand for Cotton Seed Oil Cake from farmers, dairy and feed industry
- Demand-Supply and price of other competitive feeds like Guar churi, Korma, Maize churi, Pulses churi, Mustard seed oil cake, other oil cakes, Green fodder, etc.
- Price movement in cotton, especially Cotton Seed
- Quality of Cotton Seed Oil Cake especially the oil%
- International production of Cotton

## PRICE RISK HEDGING

**Processor/Hedger locks in the Cotton Seed Oilcake Futures price at Rs 1900/quintal for a long position**

If the price of Cotton Seed Oilcake decreases in the physical market, the gain in the physical market is offset by the loss in the Futures market.

If the price of Cotton Seed Oilcake 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 Cotton Seed Oilcake Futures price at Rs 2000/quintal for a short position**

If the price of Cotton Seed Oilcake decreases in the physical market, the loss in the physical market is offset by the gain in the Futures market.

If the price of Cotton Seed Oilcake increases in the physical market, the gain in the physical market is offset by the loss in the Futures market.

## COTTON SEED OILCAKE FUTURES MONTHLY PRICE VOLATILITY

<table>
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<th>Year</th>
<th>Volatility</th>
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<tr>
<td>2016-17</td>
<td>21%</td>
</tr>
<tr>
<td>2017-18</td>
<td>22%</td>
</tr>
<tr>
<td>2018-19</td>
<td>25%</td>
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Source - NCDEX Futures Price

Annualised Volatility

Graphs: For illustrative purposes only