


## PEPPER FUTURES

### NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

08-12 Nov, 2010 Cochin













#### ABOUT NCDEX

- Owned by distinguished National and Global entities
- The shareholders bring with them expertise in areas of Agriculture, Banking with focus on rural finance, Commodity and Stock markets, Physical markets, Investment banking and Institution building
- Demutualised- the Exchange is professionally managed and neither Directors nor management have any vested interest in trading on the Exchange


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#### SHAREHOLDERS

Institution	Share	Domain Expertise
 NABARD	15 %	Apex bank for agricultural lending
 NSE	15 %	Largest stock exchange in India. Highest volume in single stock futures in world.
 LIC	15 %	Largest life insurance company in India
 CRISIL	5%	India's first & largest credit rating agency. Now a Standard & Poor company
 IFFCO	12%	Largest farmer cooperative with affiliation of 36,000 cooperatives
 PNB	10%	Large public sector bank with strong rural reach specially in North India
 Canara Bank	8%	Large public sector bank with strong rural reach specially in South India
 Goldman Sachs	4%	Global Expertise in commodity markets
 Intercontinental Exchange	4%	6th largest commodity futures exchange in the world
 Shree Renuka Sugars Limited	12%	Prominent sugar manufacturer in India

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#### BUSINESS PROFILE

- Exchange has facilitated trading in an array of around 47 commodities in agricultural and non-agricultural commodities
- Leadership in Indian Agri commodity futures; globally ranked 5<sup>th</sup> by FIA
- Average daily volumes of Rs 4100 Crores (USD 900 Million)
- Has around 819 members and a client base of over 500,000
- Trading is conducted on over 20,000 terminals across nearly 700 centres
- Facilitates delivery of commodities through a network of over 569 accredited warehouses with a holding capacity of around 1.3 million tonnes
- Physical deliveries are of the order of 50,000 MT every month
- Has a sophisticated fully electronic trading system that is open six days a week from 10:00 am to 11:30 pm thereby permitting overlap with European, Asian and US exchanges

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#### SPICES OFFERED ON NCDEX

- PEPPER (*KALIMIRCH*) April 2004
- TUREMERIC FINGERS (*HALDI*) July 2004
- CUMIN SEEDS (*JEERA*) February 2005
- CHILLI (*LAL MIRCH*) March 2005
- CORIANDER (*DHANIYA*) August 2008



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#### NCDEX PEPPER CONTRACT

- Futures trading introduced on NCDEX in April 2004
- Futures contract offered is Malabar Garbled (MG) 1
- NCDEX is the only Commodity Exchange in the world trading Pepper futures.
- Price discovery and price risk management tool
- Participants
  - Physical Traders
  - Brokers
  - Commission agents
  - Exporters
  - Importers
  - Traders at consumption markets
- Delivery centres – Cochin, Calicut and Trissur
- Contract months – Six running contracts from Nov 2010 to April 2011

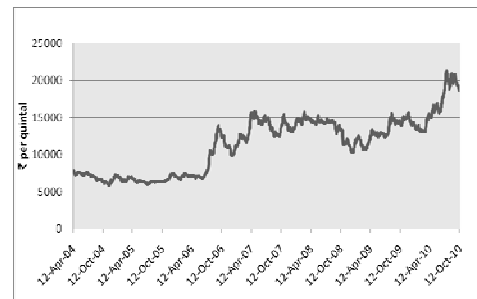
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**NCDEX CONTRACT SPECIFICATIONS**

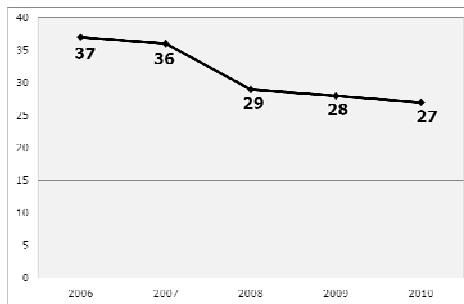
Ticker Symbol	PPRMLGKOC
Unit of Trading	1 MT
Delivery Unit	1 MT
Quotation Base Value	Rs. per quintal
Tick Size	Re. 1
Basis Centre	Kochi
Additional Delivery Centres	Calicut, Trissur
Grade	Malabar Garbled- 1
Member's Position Limit (Near Month Limit) MT	3000 (1000)
Client's Position Limit (Near Month Limit) MT	900 (300)
Delivery Logic	Compulsory Delivery (Early Delivery)

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**PRICE TREND**

Note: Spot Price- Kochi  
Source: NCDEX

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**PRICE VOLATILITY**

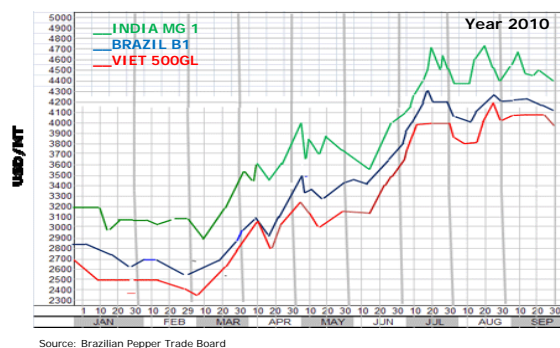
Source: NCDEX

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**FACTORS**

- Domestic and Global forecasts
- Domestic and Export demand vs supply
  - Supply – Production, Yield, Quality, Imports, Carryover stocks
  - Demand – Home consumption, Institutional usage, Exports
- Trade policies
- Exchange rate movements
- International price parity

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**GLOBAL RELATION**

Source: Brazilian Pepper Trade Board

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**PRICE DISCOVERY & DISSEMINATION**

- Price information is essential for storing & trading decisions. Without Exchange prices, information was asymmetrically distributed
- NCDEX provide a common platform for all such information to be reflected at one place through wider participation
- These Prices are disseminated through a number of channels such as print and electronic media (CNBC aawaz, Zee business, Door Darshan) Agmarknet, Ticker boards at mandies, websites, Kisan call centres.
- Pepper consuming centres look at NCDEX Pepper prices before trading.
- Major pepper producing & consuming nations track NCDEX pepper prices



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### PRICE DISSEMINATION SCHEME

- Inaugurated on 12th May 2010 by Shri Sharad Pawar, The Hon'ble Union Minister of Agriculture, Consumer Affairs, Food and Public Distribution.
- The objective is to cover all APMCs networked under the AGMARKNET Project which at present is around 2500.
- The electronic ticker installed under this Scheme displays spot and futures market prices of agricultural commodities in the local language on a real time basis.
- So far 183 ticker boards have been implemented in various mandis (14 states) with a target of 2500
- In the current financial year, implementation of price tickers in 797 mandis across the country is envisaged

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### PRODUCTION & TRADE

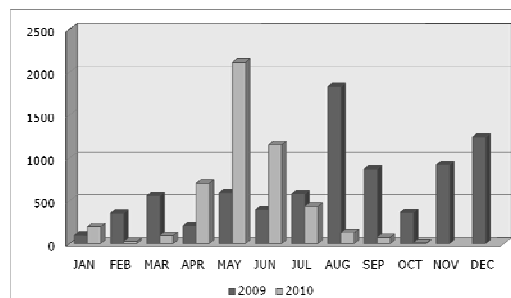
YEAR	PRODUCTION (MT)	NCDEX ADT VOL (MT)
2004-05	73010	1430
2005-06	92930	2822
2006-07	69010	25362
2007-08	47060	25912
2008-09	47400	7596
2009-10	50000	8863

Source: NCDEX, Directorate of Economics & Statistics, Indian Horticulture Database 2009  
\* Market Estimates

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### AVERAGE MONTHLY EXCHANGE DEPOSITS (MT)

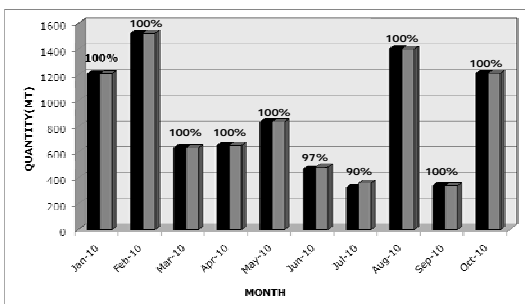


Source: NCDEX

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### OI VS DELIVERY ON EXPIRY

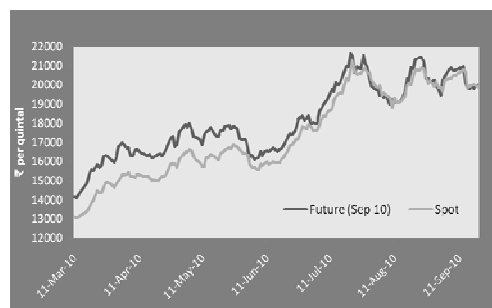


Source: NCDEX

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### CONVERGENCE



Source: NCDEX

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**FUTURES TRADING – PROSPECTS FOR GROWTH**

- Wider Participation through increased awareness of risk management and commodity trading opportunities
- FCRA changes approved by Cabinet and may be presented to Parliament in the winter session
  - Will allow for options and index instruments to be traded
  - Will allow Financial & Institutional players to participate.
- Improved information flow and trading access from commodity research and brokerage firms



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**THANK YOU**

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