

**Real Assets****All about rapeseed mustard oilcake futures**

Updated: April 23, 2017 21:06 IST | Bavadharini KS



The National Commodity and Derivatives Exchange (NCDEX) has announced the launch of the rapeseed mustard oilcake futures contract. Given the considerable price volatility in rapeseed mustard, an animal feed, producers and traders can now use this futures contract to hedge their risk.

**Contract specifications**

The rapeseed mustard oilcake futures contract (RMCAKE) will be traded Monday through Friday between 10 am and 5 pm. One lot is 10 tonnes (100 quintal). However, it will be traded based on the price for one quintal. The maximum order size is 500 tonnes. The contract will expire on the 20th of every month.

If you want to take positions in the futures contract, a minimum of 4 per cent as initial margin (on contract value) will be required. A special margin may also be imposed on the buy side or sell side, or both, if the regulator or the exchange find increased volatility in prices. The transaction charge will be ₹0.10 per lakh of trade with no risk management fee.

It is a compulsory delivery contract with Jaipur as the basis centre. Additional delivery centres are Kota, Alwar and Sri Ganganagar. The RMCAKE contract will be available for trading from April 24. There will be four contracts — one expiring in the month of May and the others in June, July and August 2017.

### Price drivers

Mustard seeds are also known as rape or oilseed rape and are a key source of vegetable oil after soya oil and palm oil. Factors such as supply-demand of edible oil, the seasonal nature of production, international prices, import duty, policy changes and participants in the value chain influence the price. The average oil recovery is 32 to 38 per cent. The oil seed cake is used as animal feed.

De-oiled cake, which is obtained on processing of the oilcake, is exported. India is among the top three producers of mustard seed and one of the leading exporters of de-oiled cake, says the NCDEX.

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