INVESTOR'S PERCEPTION IN COMMODITY MARKET

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ABSTRACT
India is a commodity based economy since more than 70 % of the total population is engaged in primary sector directly or indirectly. So, far the financial returns are concerned, this sector has also become a good spot for booking good returns comparatively besides hedging against the inflation, since the returns in precious metals segments can be observed more than that of in equity and debt markets as are negatively correlated. After gaining the considerable popularity, the major commodity exchanges in India had started the future contracts in various commodities years back, which can serve preferably to manage the risk that can arises due to adversity of expected prices of commodities besides the price discovery tool. The future contracts dealing in major commodity exchanges are standardize in nature. The researcher focused on Descriptive research. Data collection has done through Primary data. The suggestions have been made on the analysis of financial tools. The Study will be limited to Purasawakkam only .The Sampling Technique that will be used here is Simple Random Sampling. The samples are based on lottery method. The analysis is done with help of various statistical tools like Percentage, Parametric test and Chart techniques. This type of analysis helps to identify the investor's opinion towards trading practices.

KEY WORDS: Performance of securities, knowledge and perception.

I Introduction

A commodity is a product that has commercial value. It can be produced, bought, sold, and consumed. Commodities are basically the products of the primary sector of an economy. The primary sector of an economy is concerned with agriculture and extraction of raw materials such as metals and energy (crude oil, natural gas), which serve as basic inputs for the secondary sector of the economy. A market where commodities are traded is a commodity market. These commodities include bullion (gold, silver), non-ferrous (base) metals (copper, zinc, nickel, lead, aluminum, tin), energy (crude oil, natural gas) and agricultural commodities such as soya oil, palm oil, coffee, pepper and cashew. India is well placed to acquire such a commodity market.
A commodity futures market (or exchange) is, in simple terms, nothing more or less than a public market place where commodities are contracted for purchase or sale at an agreed price for delivery at a specified date. These purchases and sales, which must be made through a broker who is a member of an organized exchange, are made under the terms and conditions of a standardized futures contract.

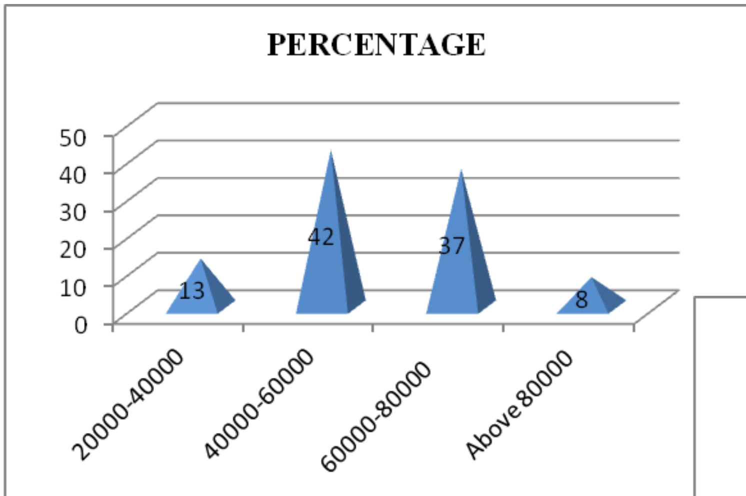
II Objectives

- To identify the investor's personal factors towards investment.
- To identify the investors expectation and satisfaction level in commodity markets
- To know about their knowledge and experience in investing in commodities.

III Research Methodology: The study focused on, "A Study on investor's perception in commodity market" the financial service agent. The investment avenues of individual investors depend mainly on risk and return. The study focused on Descriptive research. Data collection has done through Primary data. The population size is 880 from that sample size were chosen as 220 based on Simple Random Sampling through lottery method.

IV DATA ANALYSIS

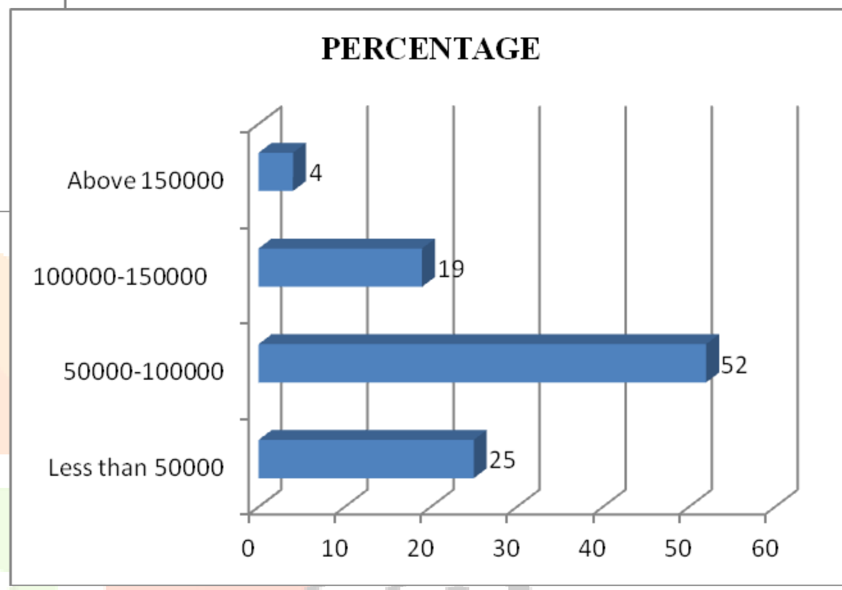
INVESTORS MONTHLY INCOME



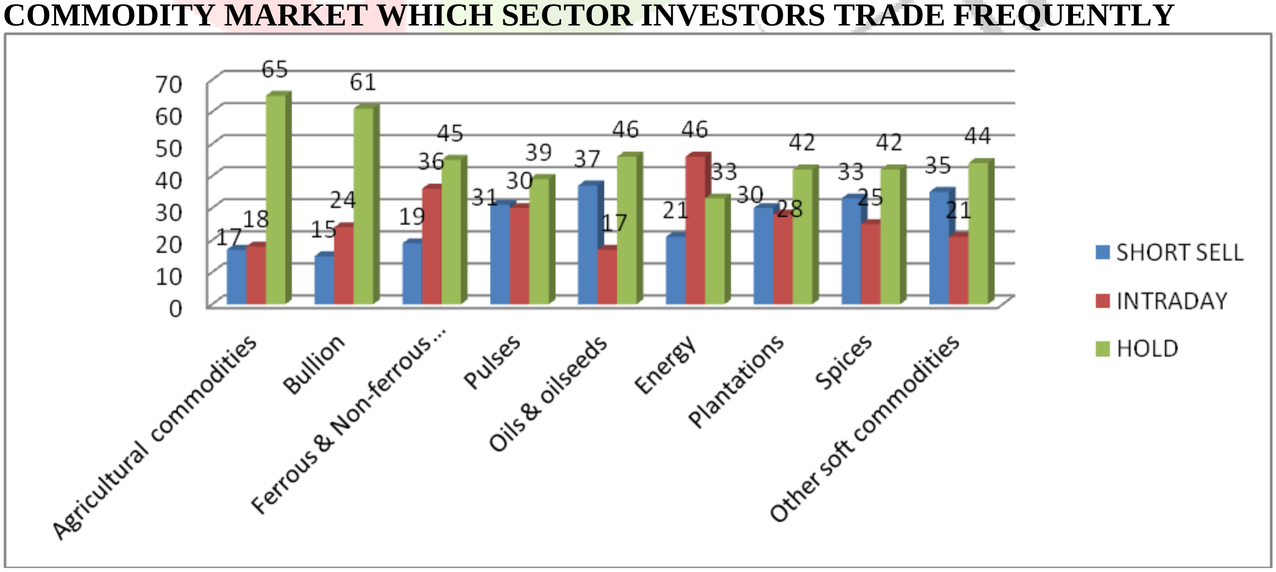
Inference : It is inferred that 13% of the investor's monthly earning is between Rs. 20000-40000, 42% of the investor's monthly earning is between Rs. 40000-60000, 37% of the investor's monthly earning is between Rs. 60000-80000 and 8% of the investor's monthly earning is above Rs. 80000.

PORTFOLIO SIZE

Inference: It is inferred that 25% of the investors have portfolio size less than 50000, 52% of the investors have portfolio size between 50000 to 100000, 19% of the investors have portfolio size between 100000 to 150000 and 4% of the investors have portfolio size above 150000.



COMMODITY MARKET WHICH SECTOR INVESTORS TRADE FREQUENTLY



Agricultural commodities: 17% of the investors prefer short sell trading, 18% of the investors prefer intraday trading and 65% of the investors prefer hold.

Bullion: 15% of the investors prefer short sell trading, 24% of the investors prefer intraday trading and 61% of

the investors prefer hold.
Ferrous & Non-ferrous metals: 19% of the investors prefer short sell trading, 36% of the investors prefer intraday trading and 45% of the investors prefer hold.
Pluses: 31% of the investors prefer short sell trading, 30% of the investors prefer intraday trading and 39% of the investors prefer hold.
Oils & oilseeds: 37% of the investors prefer short sell trading, 17% of the investors prefer intraday trading and 46% of the investors prefer hold.
Energy: 21% of the investors prefer short sell trading, 46% of the investors prefer intraday trading and 33% of the investors prefer hold.
Plantations: 30% of the investors prefer short sell trading, 28% of the investors prefer intraday trading and 42% of the investors prefer hold.
Spices: 33% of the investors prefer short sell trading, 25 respondents of the investors prefer intraday trading and 42% of the investors prefer hold.
Other soft commodities: 35% of the investors prefer short sell trading, 21% of the Investors prefer intraday trading and 44% of the investors prefer hold.

CHI-SQUARE

OBJECTIVE: To identify the relationship between investors expected return and risk in commodity market.
FORMULATION OF HYPOTHESIS: H0: There is no significance relationship between investors expected return and risk in commodity market. **H1:** There is significance relationship between investors expected return and risk in commodity market.

Expectation of return from commodity market

	Observed N	Expected N	Residual
High return	148	73.3	74.7
Moderate return	52	73.3	-21.3
Low return	20	73.3	-53.3
Total	220		

Test Statistics

	Expectation of return from commodity market	Expectation of return from commodity market	Expectation of return from commodity market
Chi-Square	121.018[a]	74.218[a]	98.191[a]
df	2	2	2
Asymp. Sig.	.000	.000	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 73.3.

INFERENCE: It is inferred that the null hypothesis is rejected. Therefore there is significance relationship between investors expected return and risk in commodity market.

ANOVA

OBJECTIVE: To identify significance difference within knowledge of investors investing in commodity markets.
FORMULATION OF HYPOTHESIS: H0: There is no significance difference within knowledge of investors investing in commodity markets
H1: There is significance difference within knowledge of investors investing in commodity markets.

Summary Item Statistics

	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Item Means	1.712	1.559	1.818	.259	1.166	.010	5
Item Variances	.529	.455	.560	.105	1.232	.002	5
Inter-Item Correlations	.360	.103	.659	.556	6.382	.031	5

ANOVA

		Sum of Squares	df	Mean Square	F	Sig
Between People		281.646	219	1.286		
Within People	Between Items	8.515	4	2.129	6.268	.000
	Residual	297.485	876	.340		
	Total	306.000	880	.348		
Total		587.646	1099	.535		

Grand Mean = 1.71

INFERENCE: It is inferred that CV<TV so, null hypothesis accepted. Therefore there is no significance difference within the knowledge of commodity markets.

V SUGGESTION

- The researcher suggested that most of the investor’s are male than female investor’s because of lack of awareness of commodity market and the risk taking capacity. Therefore the stock agencies can conduct awareness and motivation programme for females.
- The researcher found that investors who are earning between Rs. 40000-60000 have highest percentage of investing in large portfolio size. The stock agency gives advice and update for diversification of portfolio to their investor’s investment plan for remaining income categories.
- Bullion, Ferrous & Non-ferrous metals, Pulses, Oils & oilseeds, Energy, Plantations, Spices and Other soft commodities gives more safety and return to the investors so that the investors may diversify into other sectors to earn more profit and agencies should improve agricultural commodities.
- From all these sectors that is agricultural commodities, Bullion, Ferrous & Non-ferrous metals, Pulses, Oils & oilseeds, Plantations, Spices and Other soft commodities the investors mostly prefer to hold trading than short sell and intraday trading because of future rise in price and with the expectation of profit. The agricultural commodities facing high risk can focus on improvements of frequently trading activities.
- Based on the feedback, the stock agency tracks their investor’s opinion to restructure the existing service and trading awareness programs.
- The investors correctly choose their investment option based on the market condition therefore the stock agency can suggest how the borrowed fund can be invested for short term liquidity and owned fund can be invested for long term investment like holding security for sum period of time to the new and existing investors.
- The stock agency should conduct seminar, trade fares, and special training programme in online trading option to update the knowledge of commodity markets for investors.

VI CONCLUSION: Finally the research conclude with investment behavior of investors and their attitude towards commodities market investments, that is the different investors consider the different factors to take their investment decisions particularly in commodities market investments, because it is having both risk and return factors. Particularly the Bullions have more value and being traded in huge volume per day. If the investors invest in these products, they can gain more profit, but the stock agencies has to trade and give service effectively to satisfy the investor's investment needs. Long term investments are highly suggestible than short term investment, because long term investments give a stable return for long time also it will make the investors to increase their knowledge in commodities market products and its trend and directions.

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