

# SPECIAL REPORT ON ENERGY INDEX (ENRGDEX)

OCTOBER 2021



# ENERGY INDEX (ENRGDEX)

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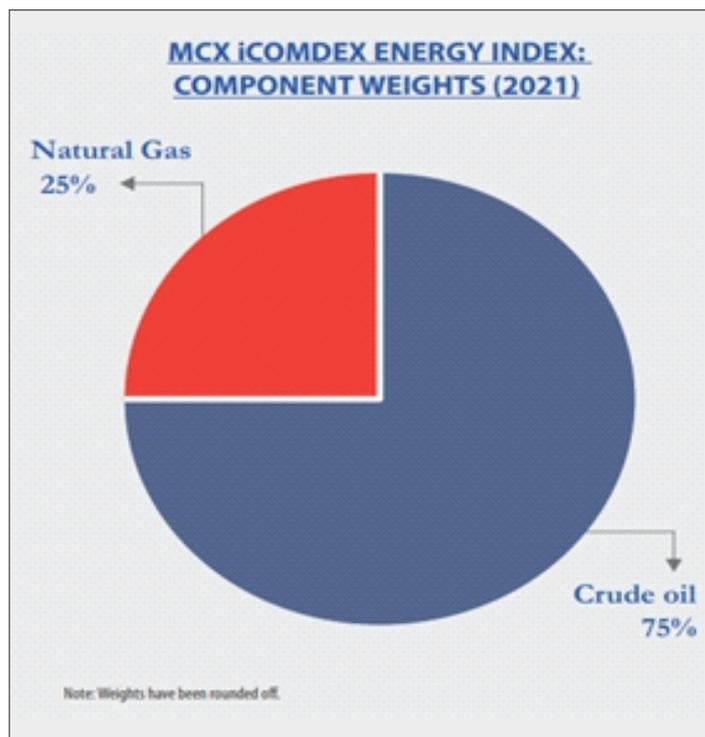
*The Multi Commodity Exchange of India has launched the iCOMDEX Energy Index futures, India's first tradable Energy Futures Index on 7th October 2021. The iCOMDEX Energy Index tracks the real-time price movement of near month crude oil and natural gas future contracts, according to exchange. The regulator has allowed the exchange to start trading for futures contracts expiring in November, December and January 2022 on the energy index.*

MCX COMDEX is a significant barometer for the performance of commodities market and would be an ideal investment tool in commodities market over a period of time. This is the maiden flagship real-time Composite Commodity Index in India based on commodity futures prices of an exchange launched in June 2005. In December, the MCX started the live-streaming of 'iCOMDEX' on its electronic platform.

MCX iCOMDEX Eullion Index is one of the sectoral indices in the MCX iCOMDEX family. The Index is an efficient tool for investors looking to manage their investments in bullion and, being an excess returns index, it is ideal for benchmarking and trading. Energy and natural gas will have weight of 75% and 25%, respectively, on the energy index.

## Rebalancing of Index

The MCX iCOMDEX Energy index is rebalanced annually before the start of the January roll period. MCX announces the weights in October every year to ensure that the weights are known to the public at least three months in advance to the actual rebalancing of the Index. Rebalancing of index does not have any impact on commodity index movement on account of the changes in weights.

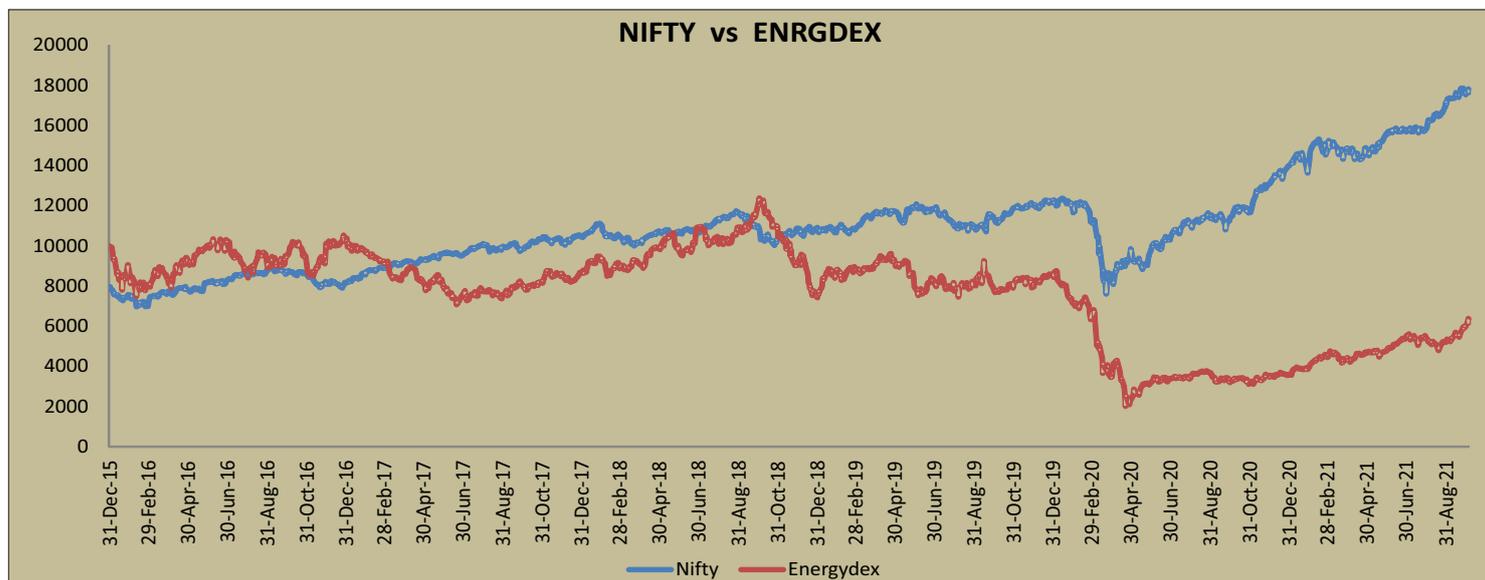


## MCX iCOMDEX ENERGY FUTURES CONTRACT SPECIFICATION

Symbol	MCXENRGDEX
Trading Unit (1 Lot)	Rs. 125 * MCX iCOMDEX ENERGY (Trading Value ~ Rs 7 lakh)
Tick Size	1
Maximum Order Size	80 Lots
Initial Margin	Minimum 10% or based on SPAN whichever is higher
Final Settlement	Cash settled
Final Settlement Price	The Final Settlement Price will be the underlying Index price arrived at based on Volume Weightage Average Price of the constituents of the underlying Index between 4:00 p.m. and 5:00 p.m. on the expiry day of the Index futures contract.
Maximum Allowable Open Position	For individual clients: 1,000 lots or 5% of market wide open position, whichever is higher for all MCX iCOMDEX Energy index futures contracts combined together.  For a member collectively for all clients: 10,000 lots or 15% of market wide open position, whichever is higher for all MCX iCOMDEX Energy index futures contracts combined together.

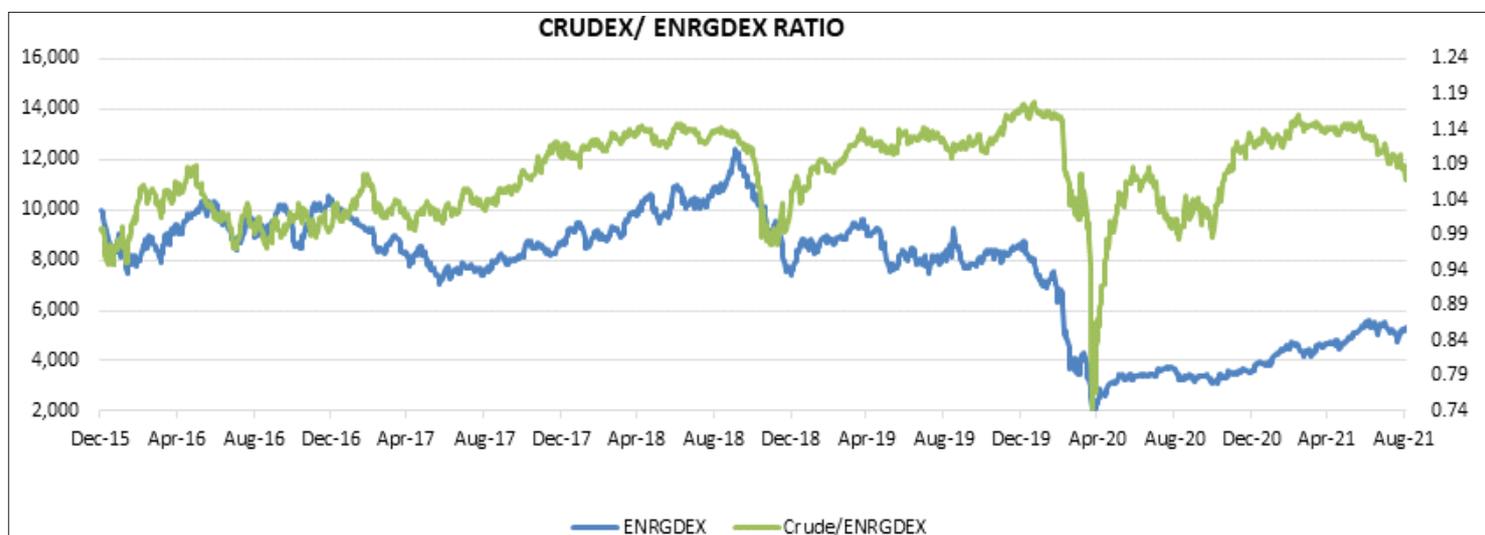
### Different ways to use MCX iCOMDEX Energy index

An investor can use commodity indices to trade in derivative products on these indices, investing in products such as Exchange Traded Funds (ETFs) on these indices or using the indices to benchmark the performance of their commodity investment portfolios. As the constituents are the major energy commodities used in the country, this index also reflects the energy demand and usage in the country.

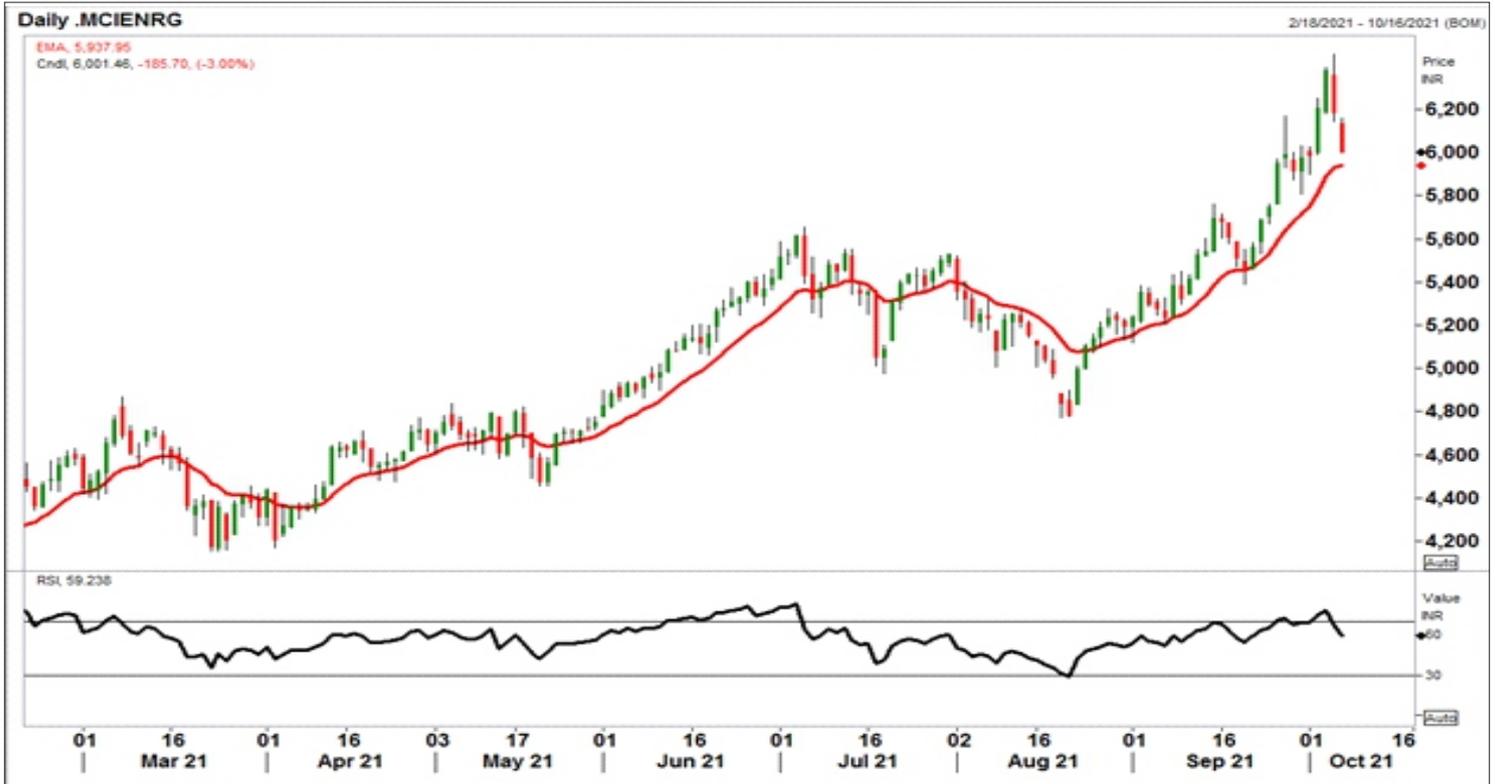


### Advantage of MCX iCOMDEX bullion

- Portfolio diversification due to low correlation to equity
- Easy of trading in a basket of commodities
- Availability of monthly contracts
- Relatively small size of the contract
- Liquid underlying constituent (futures) contracts
- Possible to create trading strategies with the underlying (futures) index constituents
- Cash settled at expiry and devoid of delivery/tender period margins
- Optimization of asset allocation
- Sectoral benchmark
- Ease to replicate with minimal tracking errors



### Technical Analysis



Source: Reuters

MCX ENERGY INDEX futures contract launched today on MCX. Based on its historical chart patterns, the index has been in a long-term uptrend with the formation of higher highs and higher lows. The long-term support is holding near 5700 levels break and sustain below the level may change the trend to bearish. On the other hand, if it failed to sustain below it and break above 6050 then the bulls again take charge and extend the bullish rally towards 6500. At present structure looks weak and we may witness some selling near resistance. The long-term support for Index is holding near 5700 and resistance near 6050. In the short-term higher bottom at 5807 on spot remains the key for bulls in the short term and prices should not break below it. On the upside, prices are likely to test 6300/6400. Buying near support advised.

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