ABSTRACT

Key words: ACF, ARIMA, Cointegration, Forecasting, PACF, Price discovery, Regression model

The study on “Performance and price discovery of coriander in Indian spot and future commodity markets” was undertaken to assessing the relationship between spot and future prices of agricultural commodity coriander for a period from January 2010 to December 2017 traded in NCDEX. Empirical results suggest the existence of long-run equilibrium relationships between futures and spot prices for coriander commodity that was taken for this study. Regression model pertaining to Lead-Lag relationship between Spot and Future markets suggests that the future markets price plays the leading role in the price discovery process and said to be informationally efficient and reacts more quickly to each other. Volatility Ratio test indicating speculative activities in coriander futures market. Liquidity ratio indicates that liquidity is a serious problem in Coriander market. To forecast the coriander prices ARIMA models introduced by Box and Jenkins (1970) were used. The value of $d$ in the ARIMA model was unity (1) as the differencing was done only once to arrive at stationary series. In the present study the best fitted model was ARIMA (1, 1, 14). On comparing the alternative models, it was observed that SBC (12.19) and MAPE (37.61) were least for ARIMA (1, 1, 14) model was considered the most representative model for the price of coriander.