

VOLATILITY CLUSTERING: AN EMPIRICAL EVIDENCE FROM INDIAN COMMODITY DERIVATIVES MARKET PERSPECTIVES

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ABSTRACT

Volatility clustering is a decisive component of the commodity derivative emporium because it supports to comprehend the nature and structure of the commodity derivative emporium, which enables emporium partakers to make trading choices. Therefore, this investigation scrutinizes the spot and future rates of crude oil in MCX to inspect for vacillation clustering. This study provides an empirical examination of daily spot and futures log-returns for 7 years. In the Indian commodity derivatives emporium, clustering of vacillations in crude oil spot and futures values was discovered. From a practical point of view, these discoveries denominate that the 'agent-based model' is compatible with the Indian commodity derivatives emporium, particularly the spot and future values of crude oil during the investigation epoch. It can be annotated that there is a lot of probable for future progress in this emporium. In other words, when there is a vacillation in this emporium, emporium partakers swiftly upsurge the counteractions with the vacillation in the emporium.

KEYWORDS: *Volatility Clustering; Commodity Derivatives Market; ARCH; Spot & Futures.*