

An Analysis of Impact of trading in Silver commodity on the share price of related listed company in BSE.

Dr. Kamlesh Thote

Assistant Professor

G. S. College of Commerce & Economics, Nagpur.

ABSTRACT

The study deals with an analysis of impact of trading in silver on the share price of related listed company in BSE. To study the impact of trading it needs to conduct historical longitudinal and comparative event study. The study period consist of year 2024 i.e. from 1st Jan 2024 to 31st Dec 2024. The commodity chosen for research is silver and the related listed company "Orosil smiths India ltd" in BSE. The event selected is on daily trading basis. The closing price of commodity Silver and related listed company Orosil smiths India ltd is taken into consideration. Commodities have been a traditional specialized market, dominated by professional participants so they revised less regulatory attention then the larger and more high profile equity and bond market. The investor has identified a number of challenges and risk arising from the changes in the market. For exchange the increase in volume primarily bring system and controls challenges that can be their trading platform and monitoring capabilities cope with huge increase in trading. The market faces increase volatility which raises cost of trading and the risk of financial failure. The research as deal with analysis of commodity trading and the related listed company, the data are collected and evaluated from the web links, financial books, magazines and other literature which shows concern research work done by various professionals. The global energy price hike followed by food grains price increases and financial crisis has enabled us to related relationship between two variables viz Commodity market and Financial Market. The price of the product which determined in commodity market decides the profitability of the concern which is reflected in stock market. Hence to prove and study the above mentioned relationship this research work and project is proposed.

Keywords: - Commodity Market, Share Price, Silver

Introduction:-

India has long history of Commodity future trading. A commodity future contract is essentially a financial instrument. The multi commodity exchange of India (MCX) the premier new order exchange in the country. The two major economic functions of a commodity future market are price risk management and price discovery.

The Indian stock exchange holds a place of prominence not only in Asia but also at the global stage. The Bombay stock exchange is one of the oldest exchanges across the world. The study pertains to comparative analysis of impact of trading in Silver on the share price of related listed company i.e. Orosil smiths India ltd. In Bombay stock exchange.

Over the last few years SEBI has announced several far reaching reforms to promote the capital market and protect investor interest. The rapidly appreciating price of Silver has brought renewed investor attention to the metal, but many investors might be overlooking a key way to get Silver exposure. Given the historical relationship between Silver and Silver related stocks, I think the stocks are primed to move higher.

About Silver:-

Like no other commodity except gold, Silver has held the fascination of human societies since the beginning of recorded time. Empires and kingdoms were built and destroyed over gold and silver. As

societies developed, gold and silver was universally accepted as a satisfactory form of payment. In short, history has given silver a power surpassing that of any other commodity except gold on the planet, and that power has never really disappeared. (investopedia, 2024). This study aims to find out relation between investment in gold and shares.

About Orosil smiths India Ltd:-

Orosil smiths India Ltd. (Formerly known as Silver Smith India Ltd.), incorporated in 1994 and listed on Bombay Stock Exchange (BSE). The company has been contributing an array of amazing products to the high end couture Jewellery sector in India and overseas.

Orosil Smiths India Ltd. derives its new name from a combination of the Italian word Oro, meaning Gold, and Silver. The company's new identity truly reflects its dedication to offer its customers precious, and yet affordable, precious Jewellery. For nearly 20 years it has striven to set new standards in design and manufacture of high end couture Jewellery in India and abroad.

The company enjoys huge intellectual support from the premier institution Jewellery Design & Technology Institute (JDTI) which is in turn supported by World Gold Council and promoted by Indo-German export promotion project.

JDTI has become the backbone of the company and it plays key role in the Jewellery industry and educational sector with large strength of students, about 2500 students have passed out in various courses

since 1999 and most of them are well settled in Jewellery industry across India as well as overseas. (orosil smiths india ltd, 2024)

Literature Review:-

01. [Naliniprava Tripathy](#) (July 2016) in her study on dynamic relationship between Silver price and stock market price in India Published in 'European Journal of Economics, Finance and Administrative Sciences' recommends that integration between Silver and Stock market price necessitates the need for global investors to follow portfolio stock selection strategy to add value from investments in India. However, the scope of these opportunities is limited in the short-run. (Tripathy, 2016)
02. Nirmal Bang in its article available online 'Factors Affecting Silver Price' concluded that from the various factors, it is evident that the major influence in the price movement of Silver is played by the demand and supply. If an investor study the markets carefully, and have a clear and in-depth understanding of these factors, they can reap substantial profits from investing in gold. (Nirmal Bang, 2024)
03. [Nader Trabelsi](#),^{a,b} [Giray Gozgor](#), (Aug 2021) in their research study on 'Effects of Price of Silver on Bombay Stock Exchange Sectorial Indices: New Evidence for Portfolio Risk Management' examined the relationship between return in Silver and change in several sectors find that change in Silver price are significantly independent of the return in several sector selected by researcher. (Nader Trabelsi, 2021)

Objectives of Study:-

01. To study commodity market and its trading
02. To analyze the impact of Silver on trading of share price of related listed company.

Hypothesis:-

H0:- There doesn't exist a significant impact of Silver commodity on the price of Orosil smiths India Ltd.
H1:- There exist a significant impact of Silver commodity on the price of Orosil smiths India Ltd.

Data Analysis:-

The data collected from various web links, websites of company and BSE. The data consist of Day wise Share price of Orosil smiths India Ltd and Silver Price per Gram. For one year i.e. from 1st January 2024 to 31st December 2024. The data then analyze using Z- test.

Part A

Z test:-

Z- test two sample for mean (Orosil smiths India Ltd)		
-	Variable 1	Variable 2
Mean	20.98987854	20.974899
Known Variable	0.1	0.1
Observations	247	247
Hypothesized mean difference	0	-
Z	0.526427114	-
P(Z<=z) one tail	0.299295741	-
P (Z<=z) two tail	0.598591481	-
Z critical two tail	2.81	

From the above output table we get,

We get,

Z calculated = 0.5264

Table value of Z at 5% level of significance is = 2.81

It shows,

Zcal< Ztab. At 5% level of significance.

Therefore we accept H0 hypothesis i.e. reject H1

From above we can conclude that there doesn't exist a significant impact of Silver commodity prices on the share prices of Orosil smiths India Ltd.

Part B

Standard Deviation:-

The standard deviation of share prices of the Orosil smiths India Ltd.

SD = 2.3688

Mean = 20.98

Coefficient of Variation = 11.29075

Variance = 5.6114

The standard deviation of prices of the commodity Silver
SD= 1279.53377

Mean = 2474

Coefficient of Variation = 51.71923

Variance = 1637206.67

As coefficient of variation of commodity Silver is more than share price of Orosil smiths India Ltd. , it shows that the price of commodity Silver are more volatile in nature as compared to share price of Orosil smiths India Ltd.

Part C

Regression Correlation:-

Gold Price = X

Share Price = Y

Summary output:-

Regression Statistics	
Multiple R	0.166415057
R Square	0.027693971
Adjusted R Square	0.023725375
Standard Error	2.0340582588
Observations	247

From above regression correlation it shows that R square has negligible value that means there doesn't exist a significant impact of Silver commodity prices on the share prices of Orosil smiths India Ltd.

Findings:-

- On the basis of Z statistics, it can be inferred that there does not exist a significant impact of Silver commodity prices on the share prices of Orosil smiths India Ltd.
- On the basis of F statistics, as the value of F calculated is more than F tabulated at 5 % level of Significance, it can be inferred that there exist significant variation between Silver prices and share prices of Orosil smiths India Ltd.
- The coefficient of variation for gold prices is 51.7192, and the coefficient of variation for share prices of Orosil smiths India Ltd is 11.2905. Since the coefficient of variation is very high in case of Silver but it is very less in case of share price of Orosil smiths India Ltd . Thus gold price are more volatile, but the share price of Orosil smiths India Ltd are less volatile for the same period.

Suggestions:-

For the model as mentioned above , which explains the relationship between the Silver prices and the share price of Orosil smiths India Ltd explain only 2.76% influence as R square value is 0.0276. Thus the formulation model does not explain around 97% influence of other extraneous variables. Thus it is suggested that the other extraneous variables such as stock prices, earning, dividend payments, and gross domestic product etc must also be taken into considerations so that R square value will improve and then the model will become better predictor for share prices of Orosil smiths India Ltd.

Conclusion:-

From the above said research study the following conclusion is drawn.

As per the objective of the project it is examined that there is negligible relation between the commodity prices and share prices of related listed companies and also its impact on each other's. As per Z statistics there doesn't exist any impact of Silver price on the share prices of Orosil smiths India Ltd .

The coefficient of Variation is very high in case of Silver but it is very less in case of share prices of company. Thus gold prices are more volatile as compared with related company.

From the regression correlation the value of R square is very low for Silver hence we can conclude that there doesn't exist any relation of commodity on the prices of related listed companies.

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