

00176

**PG DIPLOMA IN FINANCIAL MARKETS
PRACTICE**

**Term-End Examination
June, 2011**

MFP-003 : COMMODITY MARKETS

Time : 3 hours

Maximum Marks : 100

Note : Answer any five questions. All questions carry equal marks.

1. What are commodity markets ? Discuss the benefits of trading in commodity markets.
2. Describe the features of Multi-Commodity futures exchange set up in India and explain the initiatives taken by it.
3. What are margins ? Describe the different types of margin requirements for the purpose of risk management in commodity markets.
4. What do you understand by ware housing receipts ? How is dematerialisation of such receipts useful ? Explain the types of demat accounts.

5. What are the major characteristics of bullion commodities ?

 6. What are the characteristics of crude oil and distillates that are internationally traded ? Explain the structure of crude oil markets.

 7. How are commodity futures contracts priced ? What is the meaning of cost of carry, contango and backwardation ?

 8. What do you understand by hedging ? Explain long and short hedging. How can hedging be optimized ?
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