

**POST GRADUATE DIPLOMA IN FINANCIAL
MARKETS PRACTICE**

00075
20000

Term-End Examination

June, 2013

MFP-003 : COMMODITY MARKETS

Time : 3 hours

Maximum Marks : 100

(Weightage :70%)

Note : (i) Attempt *any five* questions.

(ii) All questions carry *equal* marks.

1. What are the commodity markets ? Explain the concept of forward trading and discuss the advantages and disadvantages of a forward contract in relation to commodities trading.
2. What do you understand by future delivery ? Discuss the regulatory framework for future delivery in India.
3. Explain the delivery and settlement procedure for trades in the commodity markets.
4. What are the characteristics of bullion commodities ? Explain the major factors that impact their prices.

5. What do you understand by electricity trading ? Discuss the operational and delivery procedure of Indian Energy Exchange.

 6. Explain the following :
 - (a) Contango and backwardation
 - (b) Basis and Basis risk

 7. What is hedging ? Discuss the applications of long and short hedges and explain their benefits.

 8. Explain why are commodities an effective asset class for diversification of portfolio risk ?
-