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**PG DIPLOMA IN FINANCIAL MARKETS
PRACTICE**

Term-End Examination

June, 2010

MFP-003 : COMMODITY MARKETS

Time : 3 hours

Maximum Marks : 100

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

1. What is a Commodity Derivatives Exchange ? Describe briefly the different commodity derivatives Exchanges in Asia.

2. Discuss briefly various types of orders placed by exchange members based on price related conditions and time related conditions in a commodity exchange.

3. What are the basic characteristics that have to be met by an article or a product in order to qualify as a commodity for future trading ? Discuss the various benefits of trading in commodity derivatives.

4. Briefly discuss the different base metals in the world. What are the factors that impact the prices of base metals ?
 5. Explain the structure of sugar industry in India and discuss the importance of sugar as a major agricultural commodity.
 6. Explain the following with suitable examples :
 - (a) Contango and Backwardation
 - (b) Basis and Basis risk
 7. What do you mean by 'Arbitrage' ? Explain the concepts of cash and carry Arbitrage and Reverse cash and carry Arbitrage with the help of examples.
 8. Why are 'Warehouse Receipts' dematerialised ? Briefly explain the process of dematerialisation of warehouse receipts of commodities and mention the entities that are involved in this process ? Explain the different types of demat accounts opened by the depositors of commodities ?
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