

00630

**POST GRADUATE DIPLOMA IN FINANCIAL
MARKETS PRACTICE**

Term-End Examination

June, 2015

MFP-003 : COMMODITY MARKETS

Time : 3 hours

Maximum Marks : 100

(Weightage :70%)

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

1. What are commodity markets ? In the context of the commodity markets explain the concept of forward and future contracts and discuss their application for the purpose of hedging.
2. Explain the delivery and settlement procedure for trades in the commodity markets.
3. What do you understand by Exchange Risk Management, in the context of commodity exchanges ? Explain the various tools used by these exchanges to manage such risk.
4. What are Warehouse Receipts ? Are they issued in dematerialised form ? If so, explain the process of dematerialisation and its advantages.

5. Explain the impact of currency movements on gold and silver prices. Are there any other factors which impact gold and silver prices ? Discuss the trend in silver prices in the last decade.
 6. What are the different Base metals ? Discuss the factors that impact the prices of the Base metals.
 7. Explain the following :
 - (a) Weather derivatives
 - (b) Freight futures
 8. What is Basis and Basis risk ? Explain the method for pricing commodity futures contracts.
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