

**PG DIPLOMA IN FINANCIAL MARKETS
PRACTICE**

00091

**Term-End Examination
December, 2010**

MFP-003 : COMMODITY MARKETS

Time : 3 hours

Maximum Marks : 100

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

1. Discuss the role of the Commodity Futures Trading Commission (CFTC) in regulating commodity market in USA. Identify the major Operating Divisions of CFTC and their functions.

2. Explain the rules prescribed by the commodity exchanges for their members to deal with the clients.

3. Differentiate between :
 - (a) Cash market and Futures market
 - (b) Futures contracts and Forward contracts.

4. What are the different platinum group metals? Why is there a demand for Platinum and Palladium ? What are the uses of these metals ? Explain.
5. Briefly discuss the structure of crude oil markets and explain the major events that led to the high level of volatility in crude oil prices during the last decade.
6. Explain the applications of long and short hedges with the help of suitable examples. Also discuss the strategic uses of these hedges.
7. "Commodity Derivatives as an asset class offers an effective portfolio diversification avenue due to the low correlation of commodity indices with equity indices". Discuss this statement with the help of a suitable example and explain how the commodity derivatives aids in mitigating risk on the total investment portfolio.
8. What do you mean by 'Weather Derivatives ? What is the utility of these derivatives ? Briefly explain different products of these derivatives and comment on the international markets for them.