

K.J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES & RESEARCH
PGDM (IB) 2017 – 19 BATCH – IV TRIM
Derivatives & International Commodity Markets

Date : 17/09/2018

Marks : 50

Time : 3 Hours

All questions are compulsory

Instructions

- 1) Lead is traded on the MCX. The prices are derived from LME. The price on MCX is customs inclusive? a) Yes b) No **--1Mark**

- 2) A producer of crude oil wants to hedge his production. His hedge strategy will be
a) Long crude futures b) Short crude futures— **1 Mark**

- 3) A trader has gone long 5Mn USDINR on NSE. He intends to hedge himself on the DGCX. The current USDINR rate is 63.5. How many lots long/short does he trade in DGCX for this hedge? DGCX contract size is Rs20Lac/lot. Round the number of lots upwards **--2 Marks**

- 4) Which of these is not a traded commodity?
a) Live Cattle b) Yellow Peas c) Chana d) Bajra— **1 Mark**

- 5) Can warehouse inventory be used as a tool of credit
a) Yes b) No--- **1 Mark**

- 6) What is a Golden Cross in technical analysis?--- **1 Mark**
a) 20 DMA crosses above 100DMA
b) 50 DMA crosses below 200DMA
c) 50 DMA crosses above 200DMA
d) 20 DMA crosses below 200DMA

- 7) Represent a candle stick bar for a positive day and a negative day—clearly indicating the open/high/low and close on the bar----- **2 Marks**

- 8) Gold comex price are 1210\$/Troy ounce, with USDINR [rate@72](#). The MCX price is trading at 32000. What is the parity in gold prices? Customs rate at 10%. Is it beneficial to import or export gold?-- **10Marks**

- 9) Explain the hedging scenario for metal purchase on Fixed basis and sales in international markets with hedging on the MCX--- **5 marks**

10) Write a short note Margining methods ---5 marks

11) What is the gross and net dollar exposure for the following trade: Long INR contract on DGCX 5Mn lots, USDINR @63.5, Long 8Mn\$ USDINR pair on the NDF markets---5 Marks

12) Short note on Bonded Warehouse--5marks

13) Portfolio size for gold is 10Lacs & for silver is 2.5Lacs

Compute Gold VAR, Silver VAR & portfolio VAR all in terms of value and not percentage change

5- Marks

Portfolio size	1000000	250000
Day	Gold	Silver
1	25000	37000
2	26000	36000
3	24500	34000
4	26000	35000
5	29000	32000
6	27000	31000
7	26500	30000
8	26000	28000
9	23000	27000
10	22900	26000

14) List down features of an OTC contract

2 Marks

OR

1 lot of Comex Silver is equivalent to how many kgs of Silver in India

15) In Technical analysis, why does a resistance price of a commodity become a support price when prices breach the resistance levels?

2 Marks

16) Which are the four currency pairs traded in India? Name two exchanges where currency is traded in India?

A trader in India intends to go long in trade on the GBPUSD pair. How can she create the pair on the Indian exchange?

2 Marks