

K.J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES & RESEARCH
PGDM (IB) – 2016-18 BATCH – IV TRIM
Derivatives & International Commodity Markets

Date : 21/09/2017

Marks : 50

Time : 3 Hours

Instructions : All questions are compulsory

1. DALIAN Commodity Exchange is located in which country 1 Mark
a. Mexico b. China c. Malaysia d. Indonesia
2. Nickel Contracts on the MCX are settled on expiry at reference price of which exchange 1 Mark
a. COMEX b. NYMEX c. SGX d. LME
3. What is a Death 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
4. If USDINR goes up from 63 to 64, what will be the move in DGCX INRUSD pair? 1 Mark
5. Should insurance be taken on Cost of goods basis OR Current market price of goods? 1 Mark
6. 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
7. If spot price for a commodity is Rs100, risk free interest rate is 6%, storage cost are 1% and convenience yield is 1%(all figures per annum), then 1 year forward price will be 2 Marks
a) 105.8 b) 106.2 c) 107.5 d) 99
8. Difference between OTC and Futures contracts 2 Marks
9. Summarize Types of Market Participants 2 Marks
OR
How many lots of GoldM contract on MCX is required to offset a 1 Gold contract position
10. List down a few plausible reasons why the INRUSD contract on the DGCX is popular compared to the USDINR contract on the NSE 2 Marks
11. Gold Comex price are 1330\$/Troy ounce, with USDINR rate@64.25. The MCX price is trading at

29625. What is the parity in gold prices? Customs rate at 8%.

2 Marks

12. If a futures exchange is not available for certain Agri Commodities how to businesses ensure their positions are covered against price risk?

3 Marks

13. A trader wants to initiate a spread trade between Lead & Zinc contracts on the MCX. CMP of Lead is 110/MT & Zinc is 115/MT. He anticipates the spreads to narrow. Lot sizes for both commodities are 5000MTs.

How will the trader initiate the trade for?

1. Value hedge
2. Quantity hedge

5 Marks

14. MCX Crude prices are derived from NYMEX rates. Crude NYMEX is trading at 47.84\$/barrel with [EURUSD@1.1900](#) and EURINR@ 76.45. What should be the current rate of Crude MCX contract? Is there an arbitrage if current MCX futures are trading at Rs.3076. If yes, how will you capture the same

5 Marks

15. Note on

- a. Commodity Clearing houses OR
- b. Margining Methods

5 Marks

16. Note on

- a. Domestic Procurement OR
- b. International Procurement

5 Marks

17. Mention the correct trades for the below scenarios

5 Marks

NSE	Condition	NDF	DGCX
Future Short	Identical position		
	Equal & Opposite position		
PE Short	Identical position		
	Equal & Opposite position		

18. Outline Hedging requirements for Purchase of Metal Fixed Basis, Hedge on International Markets and Sales in International Market

5 Marks