

Subject title: Commodities and Futures Markets			
Subject status	Semester	Credit value	Teaching load
Elective	III	6	2L+2T
Study programme: MBA in Management, Finance and Agribusiness			
Responsible staff: Zsolt Csapo, UD and Dragoljub Jankovic, UM			
Pre-requisite: Nil			
Objectives: <p>The course will provide an overview of the basic concepts needed to use commodity futures and options markets to successfully manage the price risk. To address the increasingly global economy in which commodity transactions occur, the course also includes financial futures and options such as interest rates and currencies. Specific topics covered include contract standardization, speculation and hedging, opening and closing of positions, and basis, i.e. the relationship between cash and futures markets, input-output hedges, spreads, and pricing. The students will also gain hands on experience through a trading simulation.</p>			
Learning approach: Lectures: 30 hours Individual work/team work: 30 hours <hr style="width: 20%; margin-left: auto; margin-right: auto;"/> 60 hours			
Assessment: Written exam: 70% Individual assignment: 30%			
SYLLABUS: <ul style="list-style-type: none"> • Standardization, futures contracts • Entering and exiting futures positions, hedging examples, • importance of speculators, margins • Margins, order types, introduction of trading simulation • Cost of carry relationship, spreads • Rolling hedges, currency futures • Equity index futures • Optimal hedge ratio, cross hedging, hedging effectiveness • Input-output hedges • Processing hedges application 			

- Crack-spread
- Interest rate futures, implied forward rate
- Hedging interest rates, interest rate spreads
- Case studies
- Individual assignment consultation

Reading list and references:

Compulsory literature:

R.M. Leuthold, J.C. Junkus, and J.E. Cordier, *The Theory and Practice of Futures Markets*. Lexington Books, Stipes Publishing, 2nd Rev Edition, 1999. (optional, the book is somewhat dated but overall does a good job covering the material of this course)