SEBI- GRADE A

COMMODITIES MARKET PRACTICE QUESTIONS

Q 1)) Which of the following are not part of hard commodities under commodities trading-

[a] Natural Gas

[b] Crude oil

[c] Precious base metals

[d] Live stocks

Q.2) Derivative Market is the market where the trade is undertaken through which of the following contracts-

1.Forwards

2.Futures

3.Swaps

4.Options

Codes:

[a]1,2,3 & 4

[b]2,3 & 4

[c]1, 2 & 4

[d]None of the above

Q.3) Which of the following are not the advantages of futures contract-

[a]Futures are highly leveraged investments

[b]Future markets are very liquid

[c]Future markets are volatile.

[d]Affordable minimum-deposit accounts and control full-size contracts.

Q.4) What is the situation known as where futures contract prices are higher than the spot price-

[a]Embargo

[b]Contango

[c]Backwardation

[d]Convergence

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Q.5) When the prices of spot, or contracts maturing earlier are higher than a particular futures contract, it is said to be

[a]Embargo

[b]Contango

[c]Backwardation

[d]Convergence

Q.6) The difference between spot and futures contract theoretically should have declining trend over the life of a contract and tend to become zero on the date on maturity and is known as-

[a]Embargo

[b]Contango

[c]Backwardation

[d]Convergence