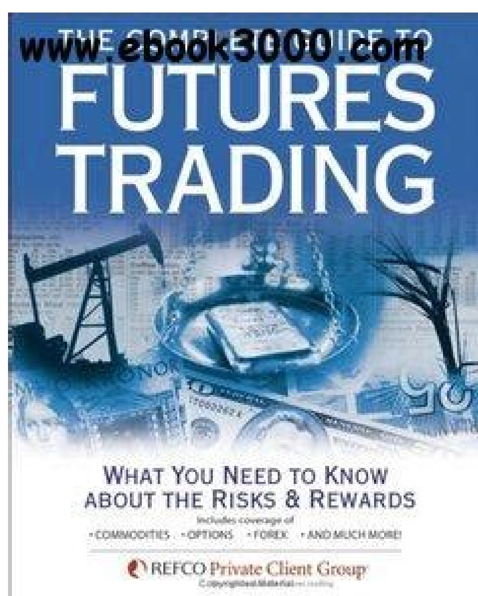

File Name: commodity trading manual free download.pdf
Size: 2325 KB
Type: PDF, ePub, eBook
Category: Book
Uploaded: 7 May 2019, 16:16 PM
Rating: 4.6/5 from 702 votes.

Status: AVAILABLE

Last checked: 18 Minutes ago!

In order to read or download commodity trading manual free download ebook, you need to create a FREE account.

Download Now!

eBook includes PDF, ePub and Kindle version

Register a free 1 month Trial Account.
Download as many books as you like (Personal use)
Cancel the membership at any time if not satisfied.
Join Over 80000 Happy Readers

Book Descriptions:

We have made it easy for you to find a PDF Ebooks without any digging. And by having access to our ebooks online or by storing it on your computer, you have convenient answers with commodity trading manual free download . To get started finding commodity trading manual free download , you are right to find our website which has a comprehensive collection of manuals listed.
Our library is the biggest of these that have literally hundreds of thousands of different products represented.

Book Descriptions:

commodity trading manual free download

Please try again.Please try again.A glossary, a directory of major futures exchanges worldwide, and specifications for the most actively traded futures and options contracts are included. The CTM looks both at futures' past, from ancient Greece to old Chicago, and futures' future, with updated coverage of major industry trendsthe rise of new and international markets, OTC derivatives, and electronic trading. Chapters end with annotated bibliographies for more information. Then you can start reading Kindle books on your smartphone, tablet, or computer no Kindle device required. In order to navigate out of this carousel please use your heading shortcut key to navigate to the next or previous heading. Register a free business account To calculate the overall star rating and percentage breakdown by star, we don't use a simple average. Instead, our system considers things like how recent a review is and if the reviewer bought the item on Amazon. It also analyzes reviews to verify trustworthiness. Please try again later. S. Bhushan 5.0 out of 5 stars It helps to understand the market functioning and principal tools, like futures contracts and options, although dontt has useful technics about how to evaluate the prices or the market beaviour. Its a good reference book of futures market. Used Very GoodPlease try again.Please try again.A glossary, a directory of major futures exchanges worldwide, and specifications for the most actively traded futures and options contracts are included. The original course was funded by Chicago Mercantile Exchange CME in conjunction with the National FFA Foundation and the StewartPeterson Advisory Group. Several individuals contributed to the project, including high school instructors to whom CME is grateful. The success of the course in the schools has prompted CME to redesign the book as a textbook, revise and update it once again, and make it available to anyone who wishes to gain a comprehensive introduction to commodity marketing.http://www.eventsforhealing.com/editorData/carrier-holiday-portable-air-conditioner-manual-problems.xml

- **commodity trading manual free download, commodity trading manual free download windows 10, commodity trading manual free download software, commodity trading manual free download free, commodity trading manual free download sites.**

If you are involved in the production of agricultural commodities, you can price your commodities using one or more combinations of these four alternatives Cash sales Forward contracts Futures contracts Options on futures contracts 1. With cash sales you deliver your crop or livestock to the cash markets such as the grain elevator or meat packer and receive the price for the day. You get cash right away, and the transaction is easy to complete. But using this alternative, you have only one chance to sell. You take what you can get. This is actually one of the riskiest marketing alternatives for producers. 2. A forward contract is negotiated now for delivery later. It is easy to understand. You enter a contract with the buyer who agrees to buy a specified quantity and quality of the commodity at a specified price at the time of delivery. The price is locked in, and you are protected if prices fall. However, you cannot take advantage of price increases, and you must deliver the specified amount, even if you have a crop failure. Both parties have some risk that the other will not honor the contract. 1 In contrast to futures contracts, forward contracts are not standardized and not transferable. 3. A futures contract is an agreement to buy or sell a commodity at a date in the future. You buy or sell through a brokerage firm that transacts the trade for you. Once you are set up with a firm, it is as easy as a phone call to make a trade. You must deposit a performance bond a small percentage of the contract value with the brokerage firm to guarantee any loss you may incur on the futures contract. If the value of the contract goes against your position, you will be

asked to deposit more money. You also pay a broker a commission for every contract traded. You will learn more about futures later in the chapter. Futures contract An obligation to deliver or to receive a specified quantity and grade of a commodity during a designated month at the designated price.http://glotecgh.com/upload/editor/carrier-humidifier-humcclfp1418-manual.xml

Each futures contract is standardized by the exchange and specifies commodity, quality, quantity, delivery date and settlement. Hedging is selling or buying a futures contract as a temporary substitute for selling or buying the commodity at a later date. For example, if you have a commodity to sell at a later date, you can sell a futures contract now. If prices fall, you sell your actual commodity at a lower cash price, but realize a gain in the futures market by buying a futures contract at a lower price than you sold. If prices rise, your higher price in the cash market covers the loss when you buy a futures contract at a higher price than you sold. This may be considered a pure hedge, or a replacement hedge. It minimizes your risk and often earns you more than the forward contract price. Hedging 1 Taking a position in a futures market opposite to a position held in the cash market to minimize the risk of financial loss from an adverse price change. 2 A purchase or sale of futures as a temporary substitute for a cash transaction which will occur later. 4. Options on futures contracts are traded at futures exchanges too. You will learn more about options in Chapter Six. An option is the right, but not the obligation, to buy or sell a futures contract at a specified price. You pay a premium when you buy an option, and you pay a commission to the broker. For example, if you buy a put option and prices rise, you can let the option expire and sell in the cash markets at a higher price. If prices fall, you can protect yourself against the low cash price by Offsetting the option sell the same type of option. Exercising the option exchange the option for the underlying futures contract. 2 There are two types of options call options and put options. Each offers an opportunity to take advantage of futures price moves without actually having a futures position.

As a producer of corn, wheat, soybeans, cattle, hogs or dairy products, you will eventually sell your commodity in the cash markets. You can sell directly in your local markets or negotiate a forward contract for sale at a later date. Even if you sell futures contracts or buy options to sell futures, you will close out your position and sell your commodity in the cash markets. Very few futures contracts are actually delivered. If you are selling grain or livestock on a cash basis, the terms are negotiated when you bring in the grain or livestock. The price is established then and there, and you make immediate delivery and receive payment. This type of sale occurs at elevators, terminals, packing houses and auction markets. 3 You can sell at harvest or store the grain until later when you expect prices to be better. Because of storage costs, there is risk involved in waiting for prices to rise. You can also make a cash sale with a deferred pricing agreement. You deliver the commodity and agree with the buyer to price it at a later time. For example, you may deliver corn in October and price it at any time between then and March. In this way, you transfer the physical risk of having the corn and the storage cost, and you may be able to get a higher price for the corn. Of course, there is the added risk of the elevator s financial stability. Forward Contracts You can negotiate a forward contract with your local merchant for future delivery of your crop or livestock. You and the buyer agree on quantity, quality, delivery time, location and price. This should be a written contract. Once you enter into this contract, you eliminate the risk of falling prices. However, if prices go higher at delivery time, you ll still receive the negotiated price. When you make delivery, it will be inspected before payment is made. There may be a premium or discount in price if quality or quantity vary. In this case, you lock in a basis relating to a specified futures contract.

http://www.raumboerse-luzern.ch/mieten/bosch-rexroth-indradrive-c-manual

When you deliver, the price you receive is the current price of the specified futures contract adjusted by the basis you agreed upon. Basis The relationship of the local cash market price and futures market price is called basis. The value of basis is calculated by subtracting the price of the

nearby futures contract from the local cash market price.Basis is usually computed to the near future, and may represent different time periods, product forms, qualities and locations. The local cash market price minus the price of the nearby futures contract. A private, cash market agreement between a buyer and seller for the future delivery of a commodity at an agreed price. In contrast to futures contracts, forward contracts are not standardized and not transferable. Storable commodity futures prices reflect the cost of delivering a commodity to a specific place. Cash prices reflect the cost of delivering perhaps a different quality to a different place. These costs include transportation, carrying charges such as storage costs for grain, and marketing costs such as weight shrinkage for livestock. Basis reflects supply and demand for a given commodity in a given location along with the cost of delivering perhaps a different quality to a different place. NOTE In your area, people may consider basis to be futures minus cash. However, in this course, as in most works on futures, the formula used is cash minus futures. Basis Basis is the local cash price for a commodity minus the futures market price. When basis becomes more positive, it is said to strengthen. When basis becomes less positive, it is said to weaken. Basis varies from one location to another. Depending on the circumstances of the local market, the basis may be consistently positive over or negative under. Each local market has its own pattern. Storable commodity basis also changes during the life of the futures contract.

https://fiaxell.com/images/butler-4012-usb-voip-manual.pdf

Basis tends to start wide, but the threat of delivery on the futures contract generally causes the basis to narrow. That is, the futures price moves closer to the delivery point cash price during the delivery month. Evolution of Futures The first futures contracts were established in Chicago. No one person invented futures trading, and no one invented the futures exchanges at which this trading takes place. The futures market evolved out of the circumstances of the market and the need to improve the existing marketing system. This evolution took place over a long period of time from the practice of forward contracting. It all started in Chicago. Chicago was a growing city in the 1830s and a center for the sale of grains grown nearby to be shipped to the East. In the 1840s, farmers spread over the countryside farther and farther away from Chicago where sales were transacted. Local merchants began to buy corn from farmers for subsequent sale in Chicago. 5 The farmers risked not having anyone buy their corn or having to sell at rockbottom prices. The merchants risked not having any corn to buy or having to buy at skyhigh prices. The forward contract set forth the amount of corn to be sold at a future date at an agreedupon price. Forward contracts in wheat also started in the early 1850s. As soon as the forward contract became the usual way of doing business, speculators appeared. They did not intend to buy or sell the commodity. Instead, they traded contracts in hope of making a profit. Speculation itself became a business activity. Contracts could change hands many times before the actual delivery of the corn. During this time, contracts were negotiated and traded in public squares and on street curbs. The Board of Trade of the City of Chicago CBOT had been organized in 1848 with the intention to promote commerce. In 1859, the state of Illinois authorized the Board of Trade to develop quality standards and to measure, gauge, weigh and inspect grain.

http://fccsms.com/images/butkus-camera-manuals.pdf

This made the process of buying and selling grain and the trading of forward contracts more efficient. Trading moved from the street to a meeting place that the Board of Trade provided. At first, there was little control over the trading of forward contracts. Sometimes, people disappeared when the time came to settle contracts, and others could not pay. In 1865, the CBOT issued general rules setting forth A requirement for a margin, or good faith, deposit Standardized contract terms for quantity and quality of the commodity and delivery procedures Payment terms They called these standardized contracts futures contracts. All the ingredients for futures trading were now in place. In the years following, the Board gradually extended its control and developed further rules, driven

by disputes and problems that arose. There were as many as 1600 commodity exchanges formed in the 1880s. In 1874, merchants formed the Chicago Produce Exchange, which dealt primarily with butter, eggs, poultry and other farm products. It was later named the Chicago Butter and Egg Board. In 1919, it became the Chicago Mercantile Exchange CME. Across the country a similar evolution was taking place. Forward contracts in cotton were reported in New York in the 1850s, although it would be 20 years before the New York Cotton Exchange was organized. New Orleans started its own cotton exchange in Grain exchanges began in Minneapolis, Duluth, Milwaukee, Omaha, Kansas City, St. Louis, Toledo, Baltimore, San Francisco and New York. Many commodity exchanges have been organized since Some are still here today. Others have closed or merged with other exchanges. 6 CME developed such features as cash settlement no physical delivery is involved; only the change in price is settled at the contract maturity and electronic trading. But successful futures contracts those with adequate volume for both hedgers and speculators generally have certain features in common.

The underlying cash commodity market should be large, with a substantial deliverable supply to prevent market manipulation and easily available, uptodate price information. The commodity should also be fungible, meaning that the units of the commodity should be very similar. There is very little difference between one bushel of corn and another. The commodity should also have substantial price volatility, because it is the hedger s need for risk management that ultimately fuels trading. Futures trading evolved from the circumstances and needs of the markets, and it is still changing today. Some commodities have been traded for over a hundred years, some have been dropped from the exchanges for lack of trading activity, and others have been added only recently. For example, CME introduced futures based on live animals in the 1960s cattle and hogs, currency futures in the 1970s, stock index and interest rate futures in the 1980s and many new contracts in the 1990s, including milk, butter and cheese futures. CME continues to add contracts most recently, options and futures on real estate and weather. Some CME Weather contracts are based on temperature differences from an average, some on the number of days frost occurs, and others on the amount of snowfall in a given location. Derivative products are also traded on economic announcements, such as economic growth and unemployment statistics. Futures trading is a global industry, and CME futures can be traded electronically outside the United States in more than 80 countries and foreign territories through approximately 110 direct connections to the CME Globex electronic trading platform. Regulation Both the exchanges and the government play a role in regulating futures market activity. The rules set forth by the CBOT in 1865 and by the other developing exchanges across the country formalized the practice of futures trading, but by no means got rid of problems associated with this speculative activity.

In the years to follow there were situations of fraud and attempts to manipulate the market. As new problems arose, the commodity exchanges continued to refine the rules of behavior required of their members. Federal Regulation Grain Futures Act of 1922 Commodity Exchange Act of 1936 Commodity Futures Trading Act of 1974, birth of CFTC Commodity Exchange Act of 1981, birth of NFA Commodity Futures Modernization Act of Outwardly, few of the benefits of futures trading were apparent. It looked like feverish speculation, spectacular price fluctuations and trouble for farmers. For 50 years from the 1860s onward, bills were introduced in both state legislatures and the Federal Congress to abolish or tax futures trading out of existence, but did not pass. Opposition was highest during periods of low prices and lowest when prices rose. Over time, the importance of futures trading to the development of agriculture and trade gradually became apparent. The Grain Futures Act of 1922 was the first federal law regulating futures trading. It allowed the government some control over the exchanges by requiring them to be licensed and to prevent price manipulation by their members. It also provided for a supply of continuous trading information. This Act was amended and became the Commodity Exchange Act CEA of It dealt with market abuses by traders and commission merchants as well as the exchange members. Price manipulation became a criminal

offense. More amendments were made over the years. The Commodity Futures Trading Act of 1974 created the Commodity Futures Trading Commission CFTC, the independent body that oversees all futures trading in the United States. Although the futures exchanges were essentially selfregulating, they had to obtain CFTC approval for any regulatory changes or for the introduction of new futures and Commodity Marketing contracts. They also had to have trading rules, contract terms and disciplinary procedures approved by the CFTC.

The National Futures Association NFA was incorporated under the Commodity Exchange Act of Its purpose was to regulate the activities of its members brokerage houses and their agents. Futures Commission Merchants FCMs, brokerage firms that accept futures orders and funds from the public, must be registered with the NFA. The Commodity Futures Modernization Act CFMA amended the CEA so that the amount of CFTC regulation depends on the kind of market participant and on the type of futures contract traded. Under CFMA, a retail investor has more CFTC protection than a large Wall Street investment bank. Similarly, futures contracts that are more susceptible to market manipulation, like commodities, are traded on organized futures exchanges such as CME where the exchange and the CFTC can monitor activity. Other sorts of contracts used primarily by big institutions, such as oil and metals, are regulated more lightly. Another purpose of the CFMA was to make it easier for exchanges to innovate and introduce new contracts. The Exchanges Today The exchanges provide the place and the rules under which trading takes place. A futures exchange formulates rules for trading of futures contracts, provides a place to trade and supervises trading practices. Its members are people whose business is trading. There are nine futures exchanges in the United States as of January There are many different products traded at the nine futures exchanges. Although agricultural commodities were the only ones traded when the futures markets first began, today there is more emphasis on the financial and global markets. 8. Some futures exchanges have merged with stock exchanges such as the Philadelphia Board of Trade with the Philadelphia Stock Exchange, or PHLX to offer a range of financial assets and derivatives for trading. There is also great interest in merging futures exchanges in different countries to increase crossborder trading opportunities.

And the InterContinental Exchange ICE has no trading floor; it is an allelectronic futures exchange with its primary server located in Atlanta, Georgia. 9 It establishes the terms of the standardized contracts that are traded. It disseminates price and market information and provides the mechanics to guarantee contract settlement and delivery. Clearing firms are responsible for the daytoday settlement of all customer accounts at futures exchanges. They act as a third party to all trades, serving as buyer to every seller and seller to every buyer, and guarantor of all contracts. An Analogy The exchanges provide the playing field and equipment, write the rules, and act as referee, head linesman, and field judges, but do not handle the football. They do not trade and neither win nor lose. Firms earn a commission on all transactions. Everyone who trades must have an account with a brokerage firm. Floor traders are members of an exchange. They buy and sell contracts on the floor of the exchange in open outcry and via electronic trading for some contracts. All trading is done publicly so each trader has a fair chance to buy and sell. There are two types of traders on an exchange floor Floor traders People who trade for themselves or the accounts they control, using different trading strategies. Scalpers make a living by buying and then quickly selling, or vice versa, at fractions of a cent profit. Day traders buy and sell contracts throughout the day, closing their position before the end of trading. Position traders, who take relatively large positions in the market, may hold their positions over a long period of time. 10 Etraders With the introduction of CME Globex and other electronic trading platforms, traders no longer need to be physically present on the floor. CME Globex is linked to the CME open outcry floor system, so electronic trading can take place anywhere there is a CME Globex terminal and at any time, including after regular floor trading hours.

While electronic traders can choose to trade alone, others come together in small, offfloor areas called trading arcades, which gives electronic traders some of the interaction available on the floor and the chance to share the overhead expense of computers and information feeds. Commodity Pool Operators CPOs pool investors funds and operate much like a mutual funds for stocks. Because these funds can make large trades, they can have a significant impact on individual futures markets and on price trends. Speculators try to make money by buying and selling futures and options. They speculate that prices will change to their advantage. They do not intend to make or take delivery of the commodities. Speculators assume the risk in the market and provide liquidity. Hedgers are people or firms who use futures or options as a substitute for buying and selling the actual commodity. They buy and sell contracts to offset the risk of changing prices in the cash markets. Hedgers use futures or options to transfer risk to speculators. The Futures Market Hedgers Avoid risk Protect against price changes Speculators Accept risk Try to profit from price changes 11 The activity of trading standardized contracts for commodities to be delivered at a later date began in the U.S. more than 130 years ago in Chicago. Today, the futures market provides the opportunity for producers to lock in prices for their commodities and for speculators to trade for profit. A futures contract is a standardized agreement to buy or sell a commodity at a date in the future. The only aspect of a futures contract that is not specified is the price at which the commodity is to be bought or sold. The price varies; it is determined on the floor, or electronically, as traders buy and sell the contracts. The prices they offer and bid reflect the supply and demand for the commodity as well as their expectations of whether the price will increase or decrease. 13. Seven months listed at a time on CME Globex.

Remember that the contract value varies as the price changes.Anyone can buy or sell futures contracts through the proper channels. For example, you can sell a CME Live Cattle futures contract even if you do not have any cattle to deliver. Although under the futures contract you are obligated to deliver, you can remove that obligation at any time before the delivery date by offsetting or buying the same type of futures contract. Similarly, you could buy a CME Live Cattle futures contract without the intention of taking delivery of the cattle. You remove the obligation to take delivery by offsetting or selling the same type of futures contract. Buy a futures contract Offset it by SELLING the same type of contract SELL a futures contract Offset it by BUYING the same type of contract Speculators have no intention of buying or selling actual commodities. They try to make money by buying futures contracts at a low price and selling back at a higher price or by selling futures contracts at a high price and buying back lower. They take on the risk that prices may change to their disadvantage. As the delivery month of a contract approaches, the futures price tends to fall in line with the cash market price of the commodity. Thus, most producers remove their obligation to deliver or take delivery on the futures contract just as speculators do. But producers will then sell or buy actual commodities in the cash markets. Hedging with Futures Hedging is a riskmanagement tool for both producers and users of commodity products. Hedging is buying or selling futures contracts as protection against the risk of loss due to changing prices in the cash markets. Hedging is a riskmanagement tool for the producer. If you have a crop of livestock to market, you want to protect yourself against falling prices in the cash markets. If you need to buy feed or feeder cattle, you want to protect yourself against rising prices in the cash markets.

Either way, hedging provides you with that protection. Hedging 1 Taking a position in a futures market opposite to a position held in the cash market to minimize the risk of financial loss from an adverse price change. 2 A purchase or sale of futures as a temporary substitute for a cash transaction which will occur later. 15 The short hedge protects the seller of a commodity against falling prices. The long hedge, or buying hedge, used when you plan to purchase a commodity. The long hedge protects the buyer of a commodity against rising prices. Long and Short If you are long futures, you bought a futures contract. If you made a long hedge, you bought a futures contract to protect against price increase. You plan to buy the commodity. If you are short futures, you sold a

futures contract. If you make a short hedge, you sold a futures contract to protect against price decrease. You plan to sell a commodity. The Short Hedge The short hedge protects a producer with a commodity to sell against falling prices. When you plan to sell a commodity, you can use a short hedge to lock in a price and protect against price decreases. This flow chart shows the steps taken in a short hedge. Sell futures contract then Buy back futures contract then Sell commodity in cash market The Short Hedger Plans to sell a commodity and sells a futures contract to lock in a selling price and protect against falling prices. Short hedge example Suppose it is April. What if prices had risen. We used the example only to show how the mathematics of the short hedge works. In real life, it is highly unlikely that the basis will remain the same as expected. The Long Hedge The long hedge protects against a rise in input costs such as those incurred by a packer procuring cattle and hogs, or a producer who needs to insure against higher feed costs. When you plan to buy a commodity, you can use a long hedge to lock in a price and protect against price increases.

This flow chart shows the steps taken in a long hedge. Buy futures contract then Sell back futures contract then Buy commodity in cash market The Long Hedger Plans to buy a commodity and buys a futures contract to lock in a purchase price and protect against rising prices. Long hedge example Suppose it is December. A packer wants to protect procurement cost for hogs purchased in July. What if prices had fallen. Note When the packer quotes a forward contract price to buy your lean hogs, he will offer a weaker basis than will most likely occur at contract delivery. Since there is a risk in the basis, the packer builds in protection by lowering the contract offer to you. Futures Cash Flow You have to look at the cash required for futures trading. Before considering some practical hedging examples, we will take a look at the finances of hedging The performance bond, or good faith, deposit Broker commission The exchange clearing house requires that clearing members deposit performance bonds to guarantee performance on their customers open futures contracts. Individuals trading in the market make the deposit with their brokerage houses. Performance bond The amount of money or collateral deposited by a client with his broker, or by a clearing firm with CME Clearing on open futures or options contracts before a customer can trade. The performance bond is not a part payment on a purchase. When you sell a futures contract, you do not receive payment. Instead, you deposit a performance bond money with your broker to guarantee payment of immediate losses you may suffer. The value of your contract is calculated on a daily basis. If the futures price increases significantly and causes the value of your contract to increase beyond a certain point, you will get a performance bond call and be asked to deposit more money to cover the loss in your account. A smaller maintenance performance bond balance must be maintained to protect against the next day s possible losses.

https://www.thebiketube.com/acros-bosch-rexroth-training-manual-pdf