Subject Code:1MS2020435	Subject Title: Commodity Markets

1. Course Objectives and Outline:

This course augment the decision making process pertaining to the commodity markets. In the years following liberalization in 1991, the economies became market driven, with levels of trade among them growing significantly. As such, the physical and derivative markets for commodities have become central not just for the purpose of facilitating direct transactions, but also in terms of generating consensus price information helpful for making production decisions and for managing the risk arising out of fluctuations in prices of commodities. Investments in the commodity derivative markets have come to be acknowledged as yet another avenue for diversification of portfolio risk. This course enables students with following concepts:

- Knowledge of emerging commodities derivatives trading practices in India
- Historical changes and growth of global and domestic Commodities derivatives markets
- Issues in Agricultural and non-agricultural Commodities Markets
- Commodities Derivative Exchanges and design of the markets
- Role of intermediaries in Commodities Markets

2. Teaching Scheme (Hours per week)

Lecture (Hrs.)	Tutorial	Practical	Credit	Evaluation Scheme (Marks)		Total
				University Assessment	Internal Assessment	
4	-	-	4	60 Marks	40 Marks	100 Marks

3. Syllabus

Module No.	Contents	Total Hours	Weight
1	Commodity Markets: An Overview, Marketing of Agricultural Commodities, Physical Market Operations, Commodity Risk, Managing Risk, Evolution and growth of Commodity Derivatives in India, Derivative Markets and Participants, Pricing Derivatives, Economic Importance, Commodity Exchanges, Regulation	12	25%
2	Trading on Commodity Exchanges, The Exchange Platform, Exchange Membership, Commodity Brokerage, Trading Systems on Commodity Exchanges, Participants, Market Positions, Order Types, Access to Commodity Exchanges, Volume and Open Interest, Clearing and Settlement, Risks in Commodity Markets, The Settlement Process, Distinctive Features of Commodity Futures Markets, Commodity Futures Pricing, Carrying Cost, Futures-Spot Convergence, Price Relationships	12	25%

3	Commodity Futures Applications, Futures for the Hedger, Mismatches in Basis and Basis Risk, Futures for the Speculator, Spreads, Futures for the Arbitrageur, Commodity Options, Arithmetic of Option Premiums, Option Greeks, Buying and Selling Options, Pricing Options, Commodity Options Applications, Options for Hedging, Options for Speculating, Advanced Option Trading Strategies, Commodity Trading Strategies	12	25%
4	Commodities: An Emerging Investment Class, The Investment Rationale, Investing in Commodities, Commodity Indices, Risks and Challenges of Commodity Investing, Fundamental and Technical Analysis of Commodities, Supply-Demand Relationship, Equilibrium Price and Disequilibrium, Using Fundamental and Technical Analysis to Predict Future Prices of Commodities, Variety in Commodity Markets, Weather Derivatives, Electricity Derivatives, Catastrophe Derivatives, Carbon Derivatives, Currency Derivatives, Property Derivatives, Derivative Disasters, Derivatives—Positives and Negatives, Derivatives Disaster—Reasons and Lessons	12	25%

4. Course Pedagogy

The pedagogy of the subject involves Lectures, Assignments, Projects, Case Discussions, Real life Business Scenarios etc. Students will be given group tasks and assignments.

5. Suggested Readings

a. Books

1 Commodity Markets: Operations, Instruments, and Applications; by Chatnani, N. N; Tata McGraw Hill Education Private Limited
2 Guide to Indian Commodity Market; by Gala, Ankitand Gala, Jitendra; Buzzingstock Publishing House
3 Indian Commodity Derivative Market: Operation and Performance; by Mahanta, Devajit; Primus Books
4 The Economics of Commodity Markets; by Chevallier, J., &Ielpo, F.; John Wiley & Sons
5 Commodity Markets and the Global Economy; by Clayton, B. C.; Cambridge University Press
6 Trading Commodities and Financial Futures: A Step by Step Guide to Mastering the Markets; by Kleinman, George; Prentice Hall

b. Journals/Magazines

- Journal of Commodity Markets by Elsevier
- Recent Journal of Commodity Markets Articles by Elsevier

- Journal of Commodity Markets by Science Direct

6. Evaluation Scheme

Sr. No.	Component	Weight
1	**University Examination**	**60%**
2	**Internal Assessment** -Depending on the need and objectives of the subject, internal assessment should include minimum three of the following sub-components; *Class Test, Quiz, Assignments, Case Presentation, ClassParticipation, Projects, Team/Individual Assignments.* -The weightage of a sub-component should not exceed 50% of internal assessment component weight. -The bifurcation of sub-components shallbe communicated by the instructor before commencement of the academic sessions.	**40%**