

Financial and Commodity Derivatives

Program description

Investment in securities such as shares involves risk on account of fluctuations in share prices. Similarly, there is risk in foreign exchange transactions because of fluctuations in exchange rates of currencies. Commodity trading also involves risk due to fluctuations in commodity prices.

Risk in financial transactions described above can be eliminated or hedged through derivatives, both financial and commodity derivatives. These are hedging instruments whose usage has been gaining popularity in recent years. But, at the same time, people are not familiar with the intricacies of this new form of trading in derivatives.

This Program is designed to provide the participants with the basic concepts and uses of derivatives trading. It covers the four important types of derivatives such as forwards, futures, options and swaps. The Program would be useful to all those interested or working in the finance area.

Objectives

On completion of the Program, the participants should be able to understand:

- The meaning of derivatives
- The basic concepts of the four types of derivatives (forwards, futures, options and swaps)
- The uses of derivatives for hedging risk
- The methods of futures trading (financial futures and commodity futures)
- The methods of option trading
- The structuring of interest rate swaps and currency swaps

Training methodology

Training will be provided through interactive sessions guided by the instructor. It will include the following components:

- Course materials, Lectures, Group Discussions, Group Exercises, Individual Assignments and Demonstration of online trading

Target group of participants

- investors in securities,
- investment managers,
- persons dealing in foreign currencies,
- persons engaged in international trade,
- traders in commodities.

Program outline

- ◆ **Introduction**
 - What are derivatives? (Financial and commodity derivatives)
- ◆ **Forwards**
 - Meaning and features, advantages and disadvantages
 - Hedging of foreign exchange risk through currency forwards
- ◆ **Futures**
 - Meaning and definition, features
 - Futures trading through organized exchanges
 - Different types of futures such as Commodity futures, Stock futures, Index futures, Currency futures
 - Hedging and speculation with futures
- ◆ **Options**
 - Meaning
 - Call options and put options
 - Stock options and Currency options
 - Uses of options
 - Combinations of options and Exotic options
- ◆ **Swaps**
 - Meaning
 - Interest rate swaps (coupon swaps) and Currency swaps
- ◆ **Demonstration of online trading**
- ◆ **Groups exercises and group discussions/ presentations**
- ◆ **Summary and course evaluation**

For any further information please contact us at:

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