


Name:			
Enrolment No:			
<div><div>UPES</div><div>End Semester Examination, May 2025</div><div><div>Course: Commodity Trading and Risk Management</div><div>Program: BCom_H</div><div>Course Code: FINC2059</div></div><div><div>Semester: IV</div><div>Time : 03 hrs.</div><div>Max. Marks: 100</div></div></div>			
Instructions:			
<div>SECTION A</div> <div>10Qx2M=20Marks</div>			
S. No.		Marks	CO
Q	Statement of question		CO1
Q1	Which of the following is an example of a hard commodity? A. Wheat B. Cotton C. Crude Oil D. Coffee	2	CO1
Q2	What is the main purpose of a futures contract in commodity trading? A. To invest in company shares B. To speculate on interest rates C. To buy or sell a commodity at a future date D. To hedge foreign currency	2	CO1
Q3	Why do producers use hedging in commodity markets? A. To avoid paying taxes B. To increase speculation C. To lock in prices and reduce risk D. To manipulate market prices	2	CO1
Q4	A coffee producer is concerned about falling prices in the next six months. Which of the following actions represents the best hedging strategy? A. Buying coffee futures contracts B. Selling coffee futures contracts C. Storing the coffee until prices rise D. Investing in oil futures	2	CO1
Q5	A commodity exchange shows unusually high volume in soybean contracts. What might this indicate? A. Low market participation B. Strong interest and high liquidity C. Price stability D. No price movement	2	CO1
Q6	What does fundamental analysis primarily focus on? A. Price patterns B. Market sentiment	2	CO1

	C. Economic and financial data D. Chart indicators		
Q7	Why might a trader use technical analysis instead of fundamental analysis? A. To understand long-term company performance B. To evaluate government policies C. To identify price trends and timing for entries/exits D. To analyze global economic cycles	2	CO1
Q8	A trader reads that Company X has reported higher-than-expected quarterly earnings. Based on fundamental analysis, what is the most likely trading action? A. Sell the stock immediately B. Ignore the news and focus on charts C. Buy the stock expecting its value to rise D. Short the stock due to overvaluation	2	CO1
Q9	What is the key difference between hard and soft commodities? A. Hard commodities are consumable, soft commodities are mined B. Hard commodities are mined or extracted, soft commodities are grown C. Hard commodities include services, soft commodities include goods D. Hard commodities are cheaper than soft commodities	2	CO1
Q10	In a commodity exchange, what role do speculators typically play? A. They use the commodity directly B. They mine or grow the commodities C. They provide liquidity and absorb price risks D. They set commodity prices	2	CO1
SECTION B 4Qx5M= 20 Marks			
Q	Statement of question		
Q11	Explain the risks and benefits of using high-frequency trading (HFT) technologies? Provide at least two of each.	5	CO2
Q12	Compare and contrast the effectiveness of using futures versus options for hedging in commodity trading.	5	CO2
Q13	Identify the key participants in a commodity market and describe their respective roles in a trading scenario.	5	CO2
Q14	Suppose a country imports most of its oil. How might rising global oil prices impact its trading in that country?	5	CO2
SECTION-C 3Qx10M=30 Marks			
Q	Statement of question		
Q15	Discuss the various types of market risk that affect commodity trading. Explain how factors such as economic conditions, geopolitical tensions, and seasonal weather patterns influence commodity prices. OR	10	CO3

	Examine the role of political risk in commodity trading. How do government policies, trade tariffs, sanctions, and political instability in producing countries influence the commodity markets?		
Q16	Examine the challenges and opportunities that technological advancements bring to commodity trading. How has the rise of algorithmic trading and automation impacted market efficiency and trading strategies?	10	CO3
Q17	Explain the primary role of regulatory bodies in commodity trading. Discuss how these institutions ensure market transparency, protect investors, prevent manipulation, and maintain fair trading practices.	10	CO3
SECTION-D 2Qx15M= 30 Marks			
Q	Statement of question		
Q18	<p>An employee at a commodity exchange learns of upcoming regulatory changes that will likely increase the price of a certain agricultural commodity. A friend who is a trader asks for investment advice.</p> <p>(i). What are the ethical and legal boundaries in this scenario? (ii). Analyze the consequences of using non-public information in commodity trading.</p>	15	CO4
Q19	<p>Gold prices have rallied for 10 consecutive sessions. The RSI (Relative Strength Index) is now reading 80. However, the price is approaching a long-term resistance level from a previous high.</p> <p>(i). What does an RSI of 80 indicate in this context? (ii). Analyze whether this is a good time to short the market or wait for further confirmation. (iii). What other indicators could be used alongside RSI to improve decision-making?</p> <p style="text-align: center;">OR</p> <p>As investors become increasingly conscious of environmental, social, and governance (ESG) issues, many are integrating ESG factors into their investment and trading strategies. Commodity traders are also facing pressure to align their practices with these considerations.</p> <p>Discuss how ESG factors are being integrated into commodity trading strategies. Explain the role of environmental sustainability, social responsibility, and governance practices in shaping market trends and trading decisions.</p>	15	CO4