

Investments in Commodity Markets

1. Remembering:

- Identify the origin and history of commodities markets
- Recall the purpose of commodities markets
- List the prospects and challenges of investing in commodity markets
- Recognize the types of commodity derivatives

2. Understanding:

- Explain the difference between exchange-traded and OTC derivatives
- Describe the commodities traded on national exchanges
- Discuss the functioning of trading and electronic spot exchanges
- Comprehend the process of clearing and settlement in derivatives markets

3. Applying:

- Demonstrate how different types of risks affect commodities investments
- Calculate the types of margins involved in commodity trading
- Apply the SPAN margin system in managing risk in derivatives trading

4. Analyzing:

- Compare and contrast exchange-traded and OTC derivatives
- Evaluate the risks and challenges associated with investing in commodity markets
- Analyze the impact of clearing and settlement processes on derivatives market operations

5. Evaluating:

- Critically assess the potential returns and risks of investing in commodity markets
- Evaluate the effectiveness of different types of margins in managing risk
- Judge the efficiency of electronic spot exchanges in commodities trading

6. Creating:

- Design a risk management strategy for commodity market investments
- Develop a plan for leveraging exchange-traded derivatives for portfolio diversification
- Create a proposal for implementing best practices in clearing and settlement processes in derivatives trading