



## Forwards and Futures

Participants gain a broad perspective of both futures and forwards markets, and understand the important role they play in the world economy.

### Available Session(s):

08-Dec-2008 -- 08-Dec-2008 Chicago USD \$1475

NY Institute of Finance - 9:00am - 4:30pm Mon  
Chicago

Instructor(s):[Ronald T. Slivka; ]

02-Mar-2009 -- 02-Mar-2009 New York USD \$1575

NY Institute of Finance - 9:00am - 4:30pm Mon  
Midtown

Instructor(s):[Douglas Carroll; ]

22-Jun-2009 -- 22-Jun-2009 New York USD \$1575

NY Institute of Finance - 9:00am - 4:30pm Mon  
Midtown

Instructor(s):[Douglas Carroll; ]

### Targeted Audience

Traders, sales professionals, back office professionals, financial analysts, cash/money managers, auditors, compliance professionals, financial and bank officers, accountants and regulators.

### Special Offer

Clients who register for this course will receive a complimentary 6 month subscription to the Financial Times and FT.com. The Financial Times is the world's most respected financial newspaper providing a broad assessment on finance, business and the industrial sector. Subscriptions will start within 6-8 weeks of the application process, and are limited to one per client. For questions about your subscriptions call 800-628-8088 or email [uscirculation@ft.com](mailto:uscirculation@ft.com). US and Canada enrollees only.

### Advance Preparation

No advance preparation required.

## Learning Objectives

Students will be able to:

- Define futures and forwards
- Understand the markets and participants
- Appreciate futures and forwards as a risk management tool
- Understand pricing of futures and forwards
- Discuss the role of the regulators and exchanges for future and forwards
- Understand futures math and calculate contract value and gains and losses
- Understand margins and leverage in futures contracts
- Explore hedging theories and futures pricing relationships
- Appreciate different approaches for options trading
- Describe options on futures

## Alumni Comments

*"Great overview, with many examples used in class."*

*"Interesting combination of theoretical and practical approaches."*

*"The enthusiasm and knowledge of the teacher was superb."*

*"VERY good use of examples that were applicable to my current work."*

*"The instructor was energetic and had a great command of the material."*

**Level:** Basic

**CPE Credits:** 7

**Instructional Method:** Group-Live

## Detailed Outline

### Day 1

#### What are futures?

- A historical background for futures
- Central marketplaces
- Addressing the risks of producing and processing commodities
- Forward contracts
- The modern futures contract
- Standardization
- The ability to 'offset'
- Futures as risk management tools
- Participants
- Hedgers
- Speculators

- The modern futures industry
- Futures exchanges and floor traders
- Clearing houses and their members
- Futures regulators
- Understanding futures prices
- How prices are expressed
- Daily price information
- Volume and open interest
- Daily price limits

### **Futures math**

- Turning futures prices into dollars and cents
- Contract sizes / Contract values
- Point values
- Realized gains and losses
- Purchase and sale statements
- Cash balances
- Unrealized gains and losses
- Marking to the market
- Equity

### **Margin and leverage in futures trading**

- What is 'margin' on futures?
- Margin deposits as 'good faith'
- No debit balance; no interest charges
- Leverage in futures trading
- Margin deposit vs. contract value
- Changes in price expressed as a percent
- Return on margin expressed as a percent
- Measuring equity versus required capital
- Original margin
- Maintenance margin
- Treasury bills as margin deposits
- 'SPAN' margin system

### **The exchange floor**

- Open outcry
- Executing futures trades: bids, offers, and last trades
- Types of futures orders
- Market
- Limit
- Stop
- Electronic trading

### **Hedging theory and futures price relationships**

- Hedging defined

- The theory behind hedging
- Who are the hedgers?
- Illustrating types of hedges
- Short hedges
- Long hedges
- Cash-futures and futures-futures price relationships
- Normal markets
- Carrying costs
- Inverted markets
- Basis
- Basis risk versus absolute price risk

### **Several approaches to trading**

- Fundamental analysis
- The underlying concept
- Some points to remember about commodity prices
- Technical analysis
- The theory
- A comparison with fundamental analysis
- Spreads
- Intra-market spreads
- Inter-commodity spreads
- Product spreads

### **Options on futures**

- Underlying futures contracts
- Types of options
- Calls
- Puts
- Specifications
- Strike prices
- Premiums
- Expirations

For more information regarding administrative policies such as complaints and refunds, please contact our offices at 212-641-6616.