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23AFU629N

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2026
(Sixth Semester)

Branch – **COMMERCE (ACCOUNTING & FINANCE)**

MAJOR ELECTIVE COURSE - II COMMODITY MARKET

Time: Three Hours　　　　Maximum: 75 Marks

SECTION-A (10 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks　　(10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	A commodity refers to ____________ (i) Financial statement (ii) primary product traded in markets (iii) Company shares (iv) Government bonds	K1	CO1
	2	Commodity price fluctuations are influenced by ________ (i) Supply and demand factors (ii) Fashion trends (iii) Personal income (iv) Office management	K2	CO1
2	3	__________ is a common type of commodity derivative (i) Futures contract (ii) Salary account (iii) Insurance claim (iv) Debit card	K1	CO2
	4	Commodity exchanges are mainly used for ________ (i) Selling household items (ii) Entertainment activities (iii)Tourism promotion (iv) Facilitating commodity trading and price discovery	K2	CO2
3	5	Trading on a commodity exchange is carried out through ____ (i) Manual paper trading (ii) Personal agreements (iii) Electronic trading platform (iv) Telephone calls	K1	CO3
	6	Final stage in the lifecycle of a commodity futures contract is_______ (i) Settlement or delivery (ii) Contract listing (iii) Trading initiation (iv) Market research	K2	CO3
4	7	A normal market occurs when ____________ (i) Futures price is lower than spot price (ii) Futures price is higher than spot price (iii) Spot price equals zero (iv) No trading occurs	K1	CO4
	8	Hedging in commodity markets is focused for _______ (i) Increasing risk (ii) Eliminating trade (iii) Reducing price risk (iv) Avoiding investment	K2	CO4
5	9	A call option gives the holder the right to __________ (i) Sell an asset (ii) Buy an asset at a specified price (iii) Cancel a contract (iv) Avoid trading	K1	CO5
	10	Pull–Call parity is primarily used for _________ (i) Data collection (ii) Tax filing (iii) Warehousing process (iv) Pricing and arbitrage	K2	CO5

Cont…

SECTION - B (35 Marks)

Answer **ALL** questions
ALL questions carry **EQUAL** Marks (5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	Demonstrate gold and copper markets with examples.	K2	CO1
		(OR)		
	11.b.	Identify the need for derivatives markets in commodity trading.	K3	
2	12.a.	Inference the different types of commodity derivatives with examples.	K4	CO2
		(OR)		
	12.b.	Evaluate the economic importance of commodity derivatives markets.	K5	
3	13.a.	Predict the trading platform and ecosystem of commodity exchanges.	K1	CO3
		(OR)		
	13.b.	Which risks involved in commodity markets and methods to manage them.		
4	14.a.	Determine commodity futures pricing and spot–futures price interaction.	K5	CO4
		(OR)		
	14.b.	Differentiate between spread trading and arbitrage with suitable examples.	K4	
5	15.a.	Predict the working of commodity options and buying vs selling options.	K6	CO5
		(OR)		
	15.b.	Outline the IAS 39, IFRS 9 and hedge accounting models in commodity derivatives.	K2	

SECTION -C (30 Marks)

Answer **ANY THREE** questions
ALL questions carry **EQUAL** Marks (3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	Discuss commodity risk and various methods used for managing commodity risk.	K6	CO1
2	17	Interpret commodity exchanges, worldwide commodity exchanges and electronic spot exchanges.	K5	CO2
3	18	Analyse commodity clearing house functions, settlement process and warehousing system.	K4	CO3
4	19	Assess future–spot convergence and price relationships in commodity futures markets.	K5	CO4
5	20	Elaborate advanced option trading strategies and Pull–Call parity with suitable illustrations.	K6	CO5

Z-Z-Z END