

Q2 - Let's compute the profit or loss for each futures contract. The formula generally used is:

$$\text{Profit/Loss} = (\text{Final Price} - \text{Initial Price}) \times \text{Contract Size} \times \text{no. of contracts}$$

(A) Corn Futures

- Position → Long
- Initial (Entry) Price ( $P_0$ ): \$5.20
- Final (Exit) Price ( $P_1$ ): \$5.80
- Contract Size: 5,000 bushels
- Number of contracts: 1

$$\text{Profit} = (5.80 - 5.20) \times 5,000 = \$3,000$$

(b) Coffee Futures

- Position: Short
- Initial Price ( $P_0$ ): \$1.60
- Final Price ( $P_1$ ): \$1.40
- Contract size: 37,500 pounds
- Number of contracts: 1

$$\text{Profit} = (1.60 - 1.40) \times 37,500 = \$0.20 \times 37,500 = \$7,500$$

Profit of \$7,500.

(c) SPI 200 futures

- Position: Short
- Initial price: 7,500 index points
- Final price: 7,800 index points
- Contract size: 25 per point
- Number of contracts: 40

$$\text{Loss} = (7,800 - 7,500) \times 25 \times 40 = 3,00,000 \text{ INR}$$

d) Stainless steel futures

- Position: Long
- Initial price: RMB 15,000 per tonne
- Final price: RMB 13,500 per tonne
- Contract size: 5 metric tonnes
- No. of contracts: 3

$$\text{Loss} = (13,500 - 15,000) \times 5 \times 3 = -22,500$$

Loss