



4.4 CONCLUSION

The characteristics of each of these derivative contracts is to suit particular needs to different parties.

The two meet similar hedging and speculative purposes, but the way the two are built and the way their markets work are really different.

Futures is a more formal market with daily mark to market requirements whereas Forwards are relatively less formal as a market and can be customized as per the needs.

We can trade in both. However, for most readers of this book, it would be more convenient and suitable to trade using Futures contracts over forwards.



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