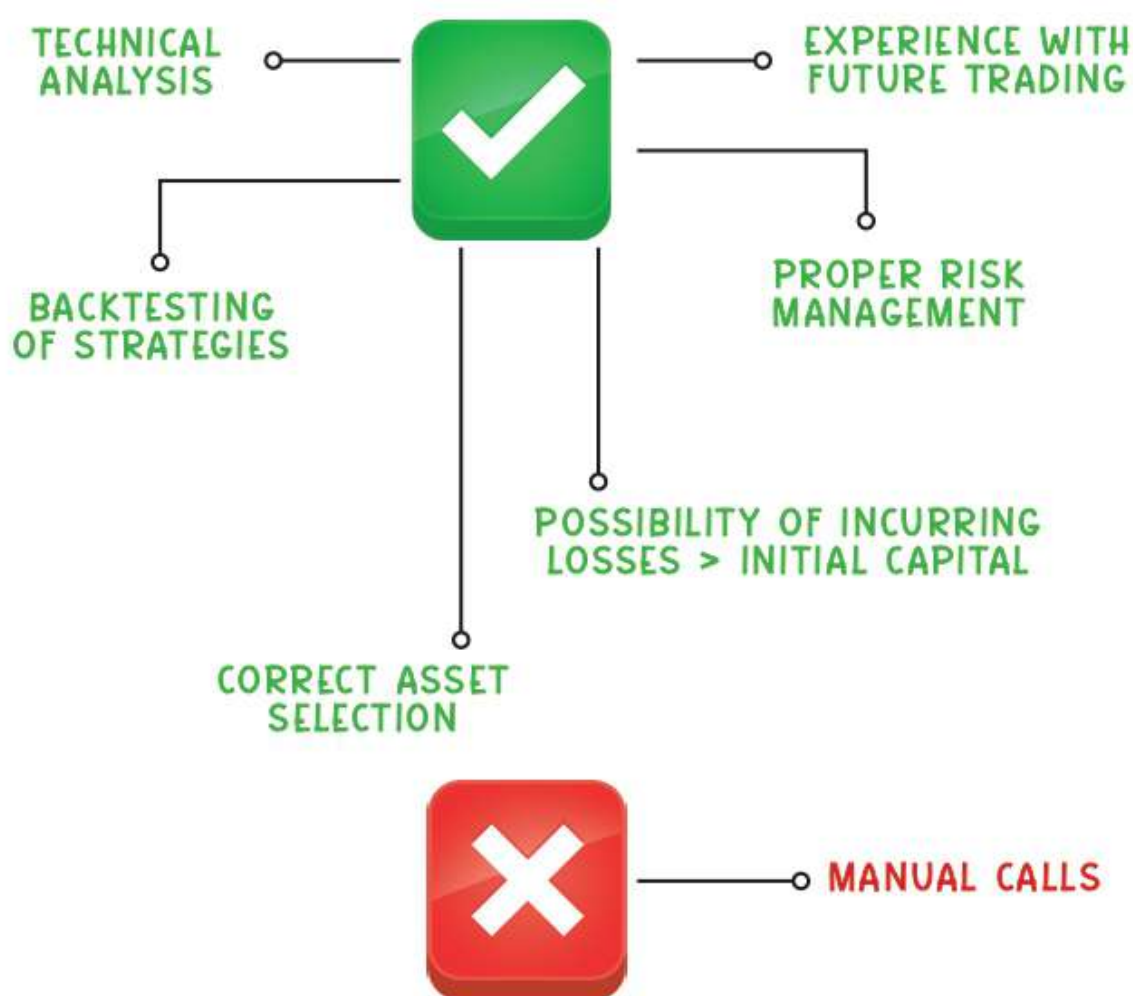


3.12 CONCLUSION

We have now understood what are futures contracts, important terms related to them and how they work. We now understand them well enough to start exploring them in markets.

You need to build trading strategies using Future contracts in a manner exactly same as how you would do it for cash markets. You should combine this with Technical Analysis, Back-testing and Risk Management to start trading in Futures. Again, since you are using leverage here, you need to be extremely careful about Risk Management when it comes to Futures trading.



If these things are in place, then futures derivative is something that can be rewarding.

Options derivatives can also be combined for that matter for good risk management strategies. Again, you really need to be careful when exploring Futures as they are highly leveraged and can cause large profits and very large losses in a very short period of time.