- USDINR ↑ → USD appreciates.

Formulas:-

- USD Exposure = $\frac{\text{INR value}}{\text{USD/INR}}$
- 1 lot = $1,000 USD.
- Profit = $\frac{\text{Gain}}{\text{Initial Investment}} \times 100$
- Currency Return = $\frac{\text{Final Return} - \text{Inital Return}}{\text{Inital Return}} * 100$
- Future Rate/Price $F = Sx\left(\frac{1 + R_{domestic}}{1 + R_{international}}\right)$.
- Since India interest Rate > UK interest rate GBP will trade at discount in futures.
- (UNIT/BASE CURRENCY) = X UNIT OF QUOTE CURRENCY.
- Loss/Gain = (premium paid - premium received) * quantity in USD

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- if Domestic interest rate > foreign interest rate
  => Lower than spot.

Indian Rate > foreign	Future < Spot
Indian Rate < foreign	Future > Spot

- Complete Hedge → OTC forward.
- Break Even = Strike - premium.
- Break Even (Short call)

Option → Strike + premium.

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MTM

- Long (BUY) = (Settlement Price - Buy price) * Contract size * Number of contracts
- Short (SELL) = (Sell price - Settlement price) * Contract size * Number of contracts
- if (Spot > Strike) → out of the money.
- Moneyness:-
  - Call ITM → Spot > Strike
  - Put ITM → Spot < Strike.

Indian Gold price =

International Gold price (USD) * USD INR

- Bear first → Short, Buy first → Long.

P&L: Sell - Buy

P&L = Buy - Sell

Loss: Buy - Sell

- Bearish + low volatility → short PUT
- Bearish + low volatility → short CALL

- Different maturity hedge: calendar spread
- Delta Hedging: options concept

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- Short call Break Even point = Strike + premium.
- Short put BEP = Strike - premium.
- Spread profit: change in spread x lot size.
- Settlement date = T2 business day.
- If futures > spot and spot stays same → sell futures.
- MTM settlement timing = T-1.
- Calendar spread: Volatility view + indifference from other factors.
- Put option is ITM if SPOT < STRIKE
  : out of the money
- Forex Strike rate increases, call option premium decreases
- Reduce Inflation, reduce purchasing power high interest rate is bear

- Value of 1 tick on each USDINR = 0.0025 × 1000
  = 2.5

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Exporter → sell future

Importer → Buy future

Tick size = 0.0001

→ 45U (a) - Derivative RBI act

- NPA % for AD Category - 1 ⇒ 3%.
- Min CAD = 10%.
- Theta - Greek measure change in option value due to time.

→

USD interest ↑ + INR Stable → USDINR ↑ ⇒ Long USDINR futures profitable

- If domestic interest rate > foreign interest rate ⇒ futures price = lower than Spot.
- Loss = (Premium paid - premium received) × Quantity
- Futures : Both buyer and seller have obligation.
- Option - Buyer has right, seller has obligations
- if (Spot > strike) out of money