

## Faculty of Agribusiness and Commerce

FINC 604 Finance, Futures and Options  
Semester 2, 2024

# Trading Project

(Due Date: **Friday, 18 October 2024 by 3:00pm via Dropbox @ LEARN**)  
Late submissions will not be considered.

### Overview

This individual project contributes **46%** to your final mark. Please use the following resources to obtain the relevant information and screenshots: Investopedia Simulator [Investopedia Simulator](#) (setting up an account is required) for OPTIONS, Yahoo Finance Futures [Yahoo Finance Futures](#) for FUTURES, and relevant software such as Microsoft Excel and Word to answer questions and discuss your answers. A copy of your final project must be submitted by the due date and time. Details about the project requirements, as well as the due date, are provided below.

### SECTION 1: Project Instructions

**Note: You should take relevant screenshots (Refer to Appendix) while working through the project and refer to them when answering questions or discussing answers, if needed. The final copy of the project should include copies of the screenshots to which you refer in your answers and discussions.**

#### Part 1: Underlying Asset Information

Use the following guidelines to choose assets:

- 1.1 **SET A:** THREE stocks (ensuring that one is high volatile, and one is low volatile)
- 1.2 **SET B:** TWO commodities.

Ensure that the chosen assets have corresponding options (puts or calls for SET A) and futures (SET B) traded on the market.

Explain the reasons for selecting these assets/commodities. Consider factors such as firm performance, recent price trends, prospects, and other relevant criteria.

## **Part 2: Strategies**

### **2.1 Options for SET A:**

You are required to choose an appropriate option trading strategy to manage risk for each of the assets in SET A over a minimum period of four weeks (04). Use one share per contract to implement your chosen option strategies.

Provide analyses explaining why you chose the specific trading strategy for each asset and all strategy-related information. It might include general information about the options used for your strategies, such as descriptions, recent prices, exercise prices, expiration dates, outcomes, etc. Additionally, provide information and screenshots of the options and stocks associated with the assets and strategies. Screenshots can be included in the appendices of your report.

### **2.2 Futures for SET B:**

You are required to choose either a LONG or SHORT position in the futures market for the commodities in SET B. Provide an analysis explaining why you chose the specific position. Include relevant information and screenshots of the futures associated with these commodities. You will hold the position for 07 consecutive trading days (more than one week).

## **Part 3: Strategy Outcome Discussion**

### **3.1 Options for SET A:**

After four weeks, suppose you need to close your positions that you chose in Part 2.1. Answer the following questions for each asset:

- 1- Calculate and present your profit or loss.
- 2- Discuss, analyse, and explain the reasons behind your profit or loss, considering the current situation of all the underlying assets/derivatives markets and related markets.

### **3.2 Futures for SET B:**

- 1- Based on the positions you selected in Part 2.2, you will need to analyse the Profit/Loss of each futures contract over a period of 07 consecutive trading days.
- 2- Discuss and explain the reasons behind the profit or loss for each position, taking into account the current market conditions of all the commodities involved.

## SECTION 2: Project Notes

The assignment is due: **Friday, 18 October 2024 by 3:00pm.**

Submission: **submitted online via the Dropbox at the FINC 604 LEARN page.**

Late submissions will not be considered.

### NOTES:

- Address all parts of the project comprehensively.
- Include the student's name and ID. The report should be no longer than 10 pages, including tables, images, etc., but excluding appendices and references.
- The appendix should not exceed 6 pages.
- References (APA style) should not exceed 2 pages.
- Ensure all relevant screenshots are included in the final project copy (samples in the appendix of this instruction document). Screenshots can be included in the appendices of your report.
- Screenshots/images with unidentified dates or poor quality will not be marked. No marks are given for the related questions.
- All answers and discussions must be typed in 12-point Times New Roman font, single-spaced.
- Handwritten projects will not be marked.

### ASSESSMENT POLICY REGARDING THE USE OF ARTIFICIAL INTELLIGENCE (AI) TOOLS

The default answer to the question “Can I use AI tools in this assessment?” is **NO**, following the university’s policy on AI supporting tools in assessments. This includes all content-generating AI tools (such as ChatGPT or similar AIs), content-paraphrasing AI tools (such as Quillbot), and the AI-powered functions of Grammarly. Please be aware that Grammarly now also use AI to power some features, you can use Grammarly to check your grammars, but any AI features are not allowed. All online submissions will go through Turnitin, which can detect AI-generated contents. If you are not sure of the tools, please contact me before using any.

## SECTION 3: Marking Rubric

### Mark allocation

Incorrect screenshots: no marks.

Portfolios: time less than 4 weeks for Options, less than 07 days for Futures, no marks

		Max
<b>Part 1: Underlying Asset Information</b>	1.1 Set A	10
	1.2 Set B	7
	<b>Total</b>	<b>17</b>
<b>Part 2: Strategies</b>	2.1 Set A	20
	2.2 Set B	10
	<b>Total</b>	<b>30</b>
<b>Part 3: Strategy Outcome Discussion</b>	3.1 Set A	33
	3.2 Set B	15
	<b>Total</b>	<b>48</b>
	Presentation/Organization /Grammar, References, etc.	5
	<b>TOTAL</b>	<b>100</b>

**Appendix (Attached).**