Complete Guide To The Futures Market

The futures market is a complex and dynamic marketplace where buyers and sellers can trade contracts agreeing to buy or sell a certain amount of a commodity or financial instrument at a set price on a future date. Futures markets are often used by businesses to hedge against price risk, but they can also be used for speculative purposes.

Futures contracts are standardized contracts that specify the quantity and quality of the underlying asset, the delivery month, and the price at which the contract will be settled. When a buyer and seller agree to a futures contract, they are essentially agreeing to exchange the underlying asset for the agreed-upon price on the specified delivery date.

The futures market is a highly leveraged market, meaning that traders can control a large amount of the underlying asset with a relatively small amount of capital. This leverage can magnify both profits and losses, so it is important to understand the risks involved before trading futures contracts.

A Complete Guide to the Futures Market: Technical Analysis, Trading Systems, Fundamental Analysis, Options, Spreads, and Trading Principles (Wiley Trading) by Jack D. Schwager

4.3 out of 5

Language	: English
File size	: 30945 KB
Text-to-Speech	: Enabled
Screen Reader	: Supported
Enhanced typesetting	: Enabled
Word Wise	: Enabled

Print length	: 502 pages
Lending	: Enabled

There are many different types of futures contracts, including:

- **Commodity futures:** These contracts are based on physical commodities, such as agricultural products, metals, and energy.
- **Financial futures:** These contracts are based on financial instruments, such as stocks, bonds, and currencies.
- **Index futures:** These contracts are based on the performance of a stock index, such as the S&P 500 or the Nasdaq 100.

Futures contracts are used for a variety of purposes, including:

- **Hedging:** Businesses can use futures contracts to hedge against price risk. For example, a farmer might sell corn futures contracts to lock in a price for their corn crop before it is harvested.
- **Speculation:** Traders can use futures contracts to speculate on the future price of a commodity or financial instrument. For example, a trader might buy oil futures contracts if they believe that the price of oil will rise.
- **Arbitrage:** Arbitrageurs use futures contracts to take advantage of price differences between different markets. For example, an arbitrageur might buy corn futures contracts in one market and sell them in another market where the price is higher.

There are a number of risks associated with trading futures contracts, including:

- **Price risk:** The price of the underlying asset can fluctuate dramatically, which can lead to losses for traders.
- **Leverage risk:** The leverage provided by futures contracts can magnify both profits and losses.
- **Margin risk:** Traders must maintain a certain amount of margin in their account to cover potential losses. If the value of the trader's position falls below the margin requirement, the trader may be forced to liquidate their position at a loss.

To trade futures contracts, you will need to open an account with a futures broker. Once you have opened an account, you can start trading futures contracts by placing orders through the broker's trading platform.

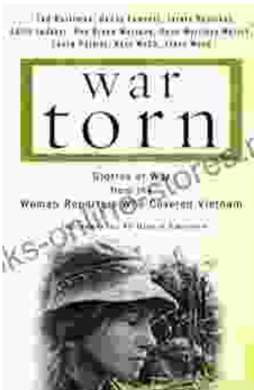
The futures market is a complex and dynamic marketplace that can offer a variety of opportunities for traders. However, it is important to understand the risks involved before trading futures contracts.

A Complete Guide to the Futures Market: Technical Analysis, Trading Systems, Fundamental Analysis, Options, Spreads, and Trading Principles (Wiley Trading) by Jack D. Schwager

4.3 out of 5

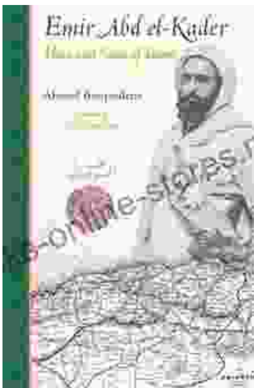
Language	: English
File size	: 30945 KB
Text-to-Speech	: Enabled
Screen Reader	: Supported
Enhanced typesetting	: Enabled
Word Wise	: Enabled

Print length	: 502 pages
Lending	: Enabled



Stories of War from the Women Reporters Who Covered Vietnam

The Vietnam War was one of the most significant events of the 20th century. It was a complex and controversial conflict that had a profound impact on both the United States...



The Hero and Saint of Islam: A Perennial Philosophy

Ali ibn Abi Talib, the fourth caliph of Islam, is a figure of great significance in the Muslim world. He is revered as a hero and a saint, and his...