

### Question #1 of 6

Question ID: 1574478

Long futures contracts may be preferred to equivalent forward contracts without central clearing when interest rates are:

- A) negatively correlated with the price of the underlying.
  - B) positively correlated with the price of the underlying.
  - C) uncorrelated with the price of the underlying.
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### Question #2 of 6

Question ID: 1574480

Bea Moran wants to establish a long derivatives position in a commodity she will need to acquire in six months. Moran observes that the six-month forward price is 45.20 and the six-month futures price is 45.10. This difference *most likely* suggests that for this commodity:

- A) long investors should prefer futures contracts to forward contracts.
  - B) futures prices are negatively correlated with interest rates.
  - C) there is an arbitrage opportunity among forward, futures, and spot prices.
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### Question #3 of 6

Question ID: 1574475

For a futures contract, the adjustment for the change in settlement price from one day to the next will result in:

- A) no change in contract price but a change in contract value.
  - B) a change in contract price but no change in contract value.
  - C) changes in both the contract price and contract value.
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### Question #4 of 6

Question ID: 1574477

Long forward contracts without central clearing may be preferred to equivalent futures contracts when interest rates are:

- A)** negatively correlated with the price of the underlying.
  - B)** positively correlated with the price of the underlying.
  - C)** uncorrelated with the price of the underlying.
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### Question #5 of 6

Question ID: 1574479

If the price of a forward contract is greater than the price of an identical futures contract, the most likely explanation is that:

- A)** the futures contract requires daily settlement and the forward contract does not.
  - B)** the forward contract is more liquid than the futures contract.
  - C)** the futures contract is more difficult to exit than the forward contract.
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### Question #6 of 6

Question ID: 1574476

Compared to an interest rate futures contract, an otherwise equivalent forward rate agreement will:

- A)** have greater volatility.
- B)** have greater payments for a given decrease in interest rates.
- C)** exhibit greater convexity.