FUTURES OPERATIONS AND THEIR APPLICATION IN UZBEKISTAN

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Annotation: *Futures - contracts for trading raw materials, gold, currency, securities at the current prices, but with delivery and payment postponed to the next agreed terms on commodity or stock exchanges. Until the execution of the contract, the buyer gives a smaller guarantee amount (zakat). In most cases, futures contracts are concluded not for the purpose of short-term purchase or sale of goods, but for the purpose of securing cash goods for future transactions or profiting from the subsequent resale of goods. Contracts for sale and purchase of samples of goods that have not yet been produced can also be called futures. Futures are resold and bought many times by brokers on exchanges until maturity.*

Key words: *futures trading, market, banking, stock exchange, currency, gold, securities, credit opening a position, expiration, long position*

A currency futures contract is an agreement between a buyer and a seller to deliver a currency in the future (delivery futures) or transfer a financial result to the account of the position holder. The introduction of this instrument will create new opportunities for the participants of the domestic foreign exchange market - they will be able to protect themselves from currency risks and have the opportunity to profit from price changes. This will help to create a full-fledged derivatives market in Uzbekistan in the near future.

Who Can Use Futures Contracts?

Futures can be used by enterprises and organizations engaged in foreign trade - importing and exporting goods or services, as well as companies that want to protect themselves from potential losses when the exchange rate changes.

In other words, futures are useful for any trader who wants to hedge against currency risk.

When concluding transactions with currency futures contracts, UzRVB is the central counterparty for each side of the transaction and guarantees the fulfillment of the obligations of each participant under the transaction.

How is it planned to expand the range of use of these instruments in the future?

Today, UzRVB trades futures contracts on the exchange rate of the US dollar against the soum. In the near future, UzRVB plans to expand the range of futures instruments due to the exchange rate of other currencies - the euro, the Russian ruble, and the Chinese yuan against the soum, and other indicators.

Thus, companies that perform export-import operations in rubles or Chinese yuan will be able to protect themselves from potential currency risks, as well as receive additional income from futures strategies.

How to speculate using futures in UzRVB?

Speculation in this case means making a profit in a short period of time due to price differences.

For example, after opening a futures position, the dealer does not need to wait for the contract to expire. If the dealer would benefit from closing the position, the dealer can close it early.

* Opening a position means buying or selling a futures contract on the UzRVB trading platform.

*Expiration is the date on which the exchange fulfills obligations under the futures contract between buyers and sellers, and the futures themselves are removed from exchange trading.

How to protect against risks with the help of futures contracts introduced in UzRVB?

For example, let's consider currency risk protection in the case of company "X" with the help of futures on the US dollar / soum exchange rate.

Let's say that bank "A" is a bank that provides services for the purchase of components in the amount of 2 million US dollars under the letter of credit of company "X".

*Letter of credit is a special type of payment for the performance of the contract between the buyer and the seller, which involves a third party guaranteeing its performance.

Suppliers offer the possibility of deferred payment and accept it only in USD. Company X decides to protect itself by purchasing futures contracts to cover possible losses due to currency risks.

For this purpose, bank "A" buys a futures contract on behalf of company "X" in UzRVB (opens a long position in the amount of 2 million US dollars), in this case, the bank just needs to deposit 5% of the amount of its position, i.e. 100,000 US dollars into the account. . Thus, in the event of an increase in the exchange rate, the profit on the long position will cover the loss of company X.

* Long position - buying a stock instrument with the expectation that its value will increase.

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