Trading derivatives with money flow index

The Stock Exchange of Thailand (SET) was incorporated under the Securities Exchange of Thailand Act. Operations started on April 30, 1975. As a nonprofit hub for securities trading and related services, SET serves to promote savings and long-term capital funding for the economic development of the nation. SET encourages the general public to become shareholders in domestic businesses and industries. SET core operations to include listing securities, supervision of information disclosures by listed companies, oversight of securities trading, and monitoring member companies involved in trading securities, as well as dissemination of information and education to investors.

Thailand Futures Exchange (TFEX) is a subsidiary of the Stock Exchange of Thailand (SET) and was established on May 17, 2004, as a derivatives exchange. TFEX is governed by the Derivatives Act B.E. 2546 (2003). is under the supervision of the Securities and Exchange Commission (SEC).

TFEX uses the same Price/Time priority rules as the equity market for order matching. Price/Time priority refers to how orders are prioritized for execution. Orders are first ranked according to their price; orders of the same price are then ranked depending on when they were entered.

When you trade futures, you do not need to pay the full amount. This is similar to a margin account when trading stocks. An initial margin will need to be deposited before each trade. Futures price will generally change daily, the difference in the prior agreed-upon price and the daily futures price is settled daily. The exchange will draw money out of one party's margin account and put it into the other's so that each party has the appropriate daily loss or profit. If the margin account goes below a maintenance margin level, then a margin call is made and the account owner must replenish the margin account. This process is known as marking to market.

TFEX is allowed to trade Futures, Options, and Options on Futures where the permitted underlying assets are:

- Equities: Index and Stocks
- Debt: Bonds and Interest Rate
- Commodities: Gold, Silver and Crude Oil
- Others: Exchange Rate and other as may be announced by the SEC

Derivatives are one of the three main categories of financial instruments, the other two being stocks (i.e., equities or shares) and debt (i.e., bonds and mortgages). The oldest example of a derivative in history is thought to be a contract transaction of olives, entered into by ancient Greek philosopher Thales, and attested to by Aristotle, who made a profit in the exchange. Bucket shops outlawed a century ago, are a more recent historical example.

In finance, a derivative is a contract that derives its value from the performance of an underlying entity. This underlying entity can be an asset, index, or interest rate, and is often simply called

the "underlying". Derivatives can be used for a number of purposes, including ensuring against price movements (hedging), increasing exposure to price movements for speculation or getting access to otherwise hard-to-trade assets or markets. Some of the more common derivatives include forwards, futures, options, swaps, and variations of these such as synthetic collateralized debt obligations and credit default swaps.

Futures contracts, forward contracts, options, swaps, and warrants are common derivatives. A futures contract, for example, is a derivative because its value is affected by the performance of the underlying contract. Similarly, a stock option is a derivative because its value is "derived" from that of the underlying stock. While a derivative's value is based on an asset, ownership of a derivative doesn't mean ownership of the asset.

Generally belonging to the realm of advanced or technical investing, derivatives are used for speculating and hedging purposes. Speculators seek to profit from changing prices in the underlying asset, index or security. For example, a trader may attempt to profit from an anticipated drop in an index's price by selling (or going "short") the related futures contract. Derivatives used as a hedge allow the risks associated with the underlying asset's price to be transferred between the parties involved in the contract.

A derivative is a contract or a financial instrument between two or more parties whose value is based on an agreed-upon underlying financial asset (like a security) or set of assets (like an index). Common underlying instruments include bonds, commodities, currencies, interest rates, market indexes, and stocks. Derivatives are usually classified into 4 categories as follow:

1. Futures: Futures contract is a standardized contract between two parties to exchange a specified asset of standardized quantity and quality for a price agreed today with delivery occurring at a specified future date.
2. Options: Options is a contract between two parties for a future transaction on an asset at a reference price. The buyer of the option gains the right, but not the obligation, to engage in that transaction, while the seller incurs the corresponding obligation to fulfill the transaction.
3. Forward: Forward contract or simply a forward is a non-standardized contract between two parties to buy or sell an asset at a specified future time at a price agreed today.

5. Swap: Swap is a contract between two parties to exchange streams of payments over time according to specified terms.