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FEATURES OF THE USE OF EXCHANGE INSTRUMENTS FOR MINIMIZING PRICE RISKS

Researchers are unanimous in the fact that in the modern conditions of Ukraine, a situation has arisen where the exchange market performs its functions at a very unsatisfactory level and does not ensure the implementation of the aspects of exchange market activity in market conditions. These conclusions can be drawn on the basis of the criteria given by researchers Nesterenko V.Y. and Sidelnikova V.K. [1]. The first. Although by its economic essence the exchange is a constantly operating wholesale market, however, despite the significant number of exchanges in Ukraine, compared to most other countries in the world, only no more than 30% of them are systematically functioning. The second. The constant rapid growth of the number of commodity exchanges in Ukraine is not a consequence of the increased demand for their services from bidders and the result of market management mechanisms, but is a reflection of the impact of the introduction of legislative acts and restrictions on foreign trade of certain groups of goods, for example, mandatory exchange registration of export contracts, etc. The third. Despite the large number of commodity exchanges specializing in trade in agro-industrial goods, Ukraine still lacks a constantly operating and efficient exchange market for agricultural products.

Thus, quantitative statistical indicators characterizing the activity of Ukrainian commodity exchanges do not actually reflect the situation on the national exchange market. Researchers note [1, p. 138-139] that the primary task is to create a transparent system for the formation of statistical data on the activity of commodity exchanges in Ukraine, which will ultimately be able to reflect market development trends. Such implementations will make it possible to effectively implement a number of instruments for hedging the price risk of participants in exchange trading - exchange contracts with deferred execution, which are called derivative financial instruments. Let's turn to the characteristics of such tools, where they are best characterized in his studies by M.Y. Manukhina. and Tatsiy I.V. [2]. Derivative financial instruments or, as they are also called, derivatives, can be considered as a financial contract, the subject of which is the price of the underlying asset. Derivatives include the following types:

- contracts for difference;
- futures contracts;
- forward contracts;
- option contracts;
- swap contracts.

Such instruments of the financial and credit mechanism as forward and futures contracts undoubtedly deserve the main attention today [3]. The advantages of forward contracts on the Ukrainian agricultural market include the fixing of prices, volumes and quality of goods, which allows farmers to plan their activities and count on cash flows. Buyers also, having full information, provide themselves with a sufficient number of raw materials for further processing and/or fulfill their own obligations under forward export contracts. Two other types of derivative contracts - futures and options - are characterized by the following advantages [2, p. 31-32]:

- exchange contracts, which are actively traded with a large number of bids from sellers and buyers, which brings the price closer to the effective market level and ensures sufficient liquidity;
- a standardized term exchange contract, which gives the possibility of resale to another interested party;

- the type of contract that has the presence of a central counterparty, which is obliged to reassess the participant's position, has incentives for both parties to the agreement to fulfill it, which significantly reduces risk.

An important aspect is that futures are traded or quoted on stock exchanges, which means that their prices and other characteristics are publicly available. In the case of a forward contract, its details are usually known only to the seller and the buyer. Thus, in 2019, the Ukragroconsult company, in cooperation with the marketing company New Image Marketing Group, conducted a study on the prospects for the use of derivatives on the market of agricultural products on behalf of the USAID project «Transformation of the Financial Sector». The results of the survey showed the absence of modern price risk management practices using derivatives, and the interaction of the participants of the agricultural market of Ukraine is mostly based on spot contracts, which leads to an increase in price risks, as well as the influence of other types of risks.

Literature

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