

★ **FUTURE** // *noun* [C, usually pl.] (also **futures contract** [C])

COMMODITY FUTURES, CURRENCY FUTURE

(*Finance*)

a contract to buy or sell a particular amount of sth, such as a raw material, currency or shares, at a particular time in the future and for a particular price. **Futures** are traded in organized markets (**futures exchanges**):

coffee/gold/oil/energy futures

bond/commodity/stock futures

Futures prices for natural gas are up 130% from last year.

In London, the price of the April Brent crude future (= to deliver oil in April) was down 22 cents.

to *buy/offer/sell/trade (in)* futures

futures *expire/trade*

a futures *broker/trader*

futures *contract*

futures *exchange*

futures *market*

★ **SWAP** *noun* [C]

DEBT-EQUITY SWAP, DEBT-FOR-EQUITY SWAP, DEBT SWAP, INTEREST-RATE SWAP

1

an act of exchanging one thing or person for another:

Let's do a swap. You work Friday night and I'll do Saturday.

2 (*Finance*)

an exchange of different types of payments between two companies, for example payments in different currencies or with different interest rates:

The increased volume of swaps has boosted futures trading on the Mexican derivatives exchange.

3 (*Finance*)

an act of exchanging one investment or asset for another, instead of for money:

The company is negotiating a swap deal with bondholders.

The weakness of the stock market means that many deals are being carried out in cash rather than share swaps.

★ **HEDGE** // verb, noun verb [+ obj or no obj]

(**Finance**)

to protect yourself against the risk of losing money in the future because of changes in the value of shares, currencies, raw materials, etc., for example by buying or selling futures (= contracts to buy or sell a particular amount of sth for a fixed price at a particular time in the future), options (= the right to buy or sell sth for a fixed price in the future), etc:

They want to hedge their exposure to interest-rate risk.

The airline has hedged 77% of its expected fuel requirements next quarter at 79¢ a gallon.

He prefers companies that choose not to hedge.

The pension fund had fully hedged its position.

hedging noun [U]:

There's a balance between the cost of hedging and running an acceptable risk.

hedging strategies/techniques *If you're considering currency hedging you can do it through most large banks.*

IDIOMS

hedge your bets

to reduce the risk of losing or making a mistake by supporting more than one side in a competition, an argument, etc., or by having several choices available to you:

She hedged her bets by applying for several jobs.

PHRASAL VERBS

hedge against sth

to do sth to protect yourself against problems, especially against losing money:

The news encouraged investors to hedge against a fall in the dollar.

noun [C]

CURRENCY HEDGE

a way of reducing the risk of losing money in the future because of changes in the value or price of sth such as shares, currencies, raw materials, rates of interest, etc:

Real estate can be a hedge against inflation (= property will rise in value more than the rate of inflation).

The company is vulnerable to rising fuel costs because it has no fuel hedges in place. The Canadian group has reduced its hedge book (= the total number of hedging contracts held by the company).

★ OPTION / / noun

AMERICAN-STYLE OPTION, CALL OPTION, CURRENCY OPTION, EMPLOYEE STOCK OPTION, EUROPEAN-STYLE OPTION, NUCLEAR OPTION, PUT OPTION, SHARE OPTION, STOCK OPTION

1 [C,U] option (of doing sth/to do sth)

something that you can choose to have or do; the freedom to choose what you do:

*There are various options open to us. Employees were given the option of working four days a week. Closing the factory is **not an option**. This particular model comes with a wide range of options (= extra things that you can choose to have). The pension plan gives you the option to vary your monthly payments.*

to **have/give sb/offer sb** an option

to **choose/take** an option

2 (**Finance**) [C]

the right to buy or sell a fixed quantity of shares, currencies or commodities (= for example, grain, coffee, cotton or metals) for a particular price within a particular period or on a particular date:

The five directors earned more than \$3 million through the sale of shares and options.

She has an option to buy 100 000 shares.

When does the option expire?

to **buy/exercise/sell/trade/write** an option

an options **contract**

the options **exchange/market**

3 (**Finance**) [C]

the right to buy sth or more of sth in the future:

*We have an option **on** the land and will purchase it soon.*

*The airline has bought 100 planes with an option **for** another 50. **OPTION TO PURCHASE***

to **have/exercise/take (up)** an option

👁 **call option** (also **call**) noun [C]

a right to buy sth, such as a number of shares in a company or a quantity of raw materials, at a particular price within a fixed period or on a particular date:

a call option to purchase 10 000 pounds of sugar at \$0.50 per pound

An investor buying call options believes that the price of the underlying investment is going to rise.

They have decided to exercise (= use) their call option to buy back shares in the company.

to **buy/exercise/hold/purchase/use** a call option

👁 **put option** (also **put**) noun [C]

a right to sell sth, such as a number of shares in a company or a quantity of raw materials, at a particular price within a fixed period or on a particular date:

Put options are bought by investors who expect market prices to fall.

They announced they would exercise their put option to sell their 11.5% stake in the German company.

to **buy/exercise/hold/purchase/use** a put option