

CHAPTER OVERVIEW

25: Financial Derivatives

Learning Objectives

By the end of this chapter, students should be able to:

- Define financial derivative and explain the economic functions that financial derivatives fulfill.
- Define and describe the four major types of derivatives: forwards, futures, options, and swaps.
- Explain the economic functions of hedging and speculating.

[25.1: Derivatives and Their Functions](#)

[25.2: Forwards and Futures](#)

[25.3: Options and Swaps](#)

[25.4: Suggested Reading](#)

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