

Using CME Group's Trading Challenge to Teach Futures Speculation

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Abstract

The futures market consists of a wide array of participants from grain merchandisers to bond dealers and speculators. As such, many colleges offer courses in risk management and futures markets exchanges. The learning objectives of these introductory courses are often very broad, covering a wide range of topics within a short time and are traditionally taught in a pure classroom setting. One way to increase student's understanding of the futures market is by offering a simulated trading experience in which they can hypothetically apply the skills learned. The purpose of this study is to provide a suggested outline for using CME Group's private trading challenge as an experiential learning opportunity for teaching futures market speculation. An assessment of this method found that students' performance in the challenge significantly impacted overall competency in the course in the areas of chart/pattern recognition and trade strategy. Additionally, a poll of participants revealed that 79% either strongly agree or agree that the use of the simulation challenge increased their understanding of futures.

Keywords: experiential learning, futures markets, risk education, simulation, teaching method