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Weather Derivatives

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JMDinvestments

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Weather Derivatives

Most people are aware of stock options or futures contracts on commodities such as gold and oil. However, the derivatives market is very diverse, including such things as weather derivatives. With hurricane season upon us, you may want to do some research on hurricane futures and options (<http://www.cmegroup.com/trading/weather/hurricanes/hurricane.html>). Essentially, these contracts allow insurers to transfer risk to other parties, such as hedge funds. [See the article here, CME Group.](#)

Related Chapters: Chapter 14, Chapter 15