

# € TRAINING

Commodity Markets





# Commodity Markets

## Introduction:

This training program provides a thorough overview of commodity products, trading strategies, and financing methods. This program equips individuals to navigate commodity markets successfully and optimize trading outcomes.

## Program Objectives:

At the end of this program, participants will be able to:

- Review and fully comprehend the methods and processes used in the cash market.
- Gain knowledge of the regulatory frameworks
- Describe how risk is managed using derivatives and structured products.
- Describe the workings of several related derivative products as well as collateralization requirements and problems.
- Understand intuitively the pricing, hedging, and other problems related to derivative products.

## Targeted Audience:

- Managers of corporate risks.
- Dealers, Brokers, and Traders.
- Asset Managers.
- Managers of Sales Compliance.
- Portfolio Directors.
- Audit.
- Employees in accounting and finance departments.

## Program Outline:

### Unit 1:

#### Commodity Market Structure and the Corporate Risk Environment:

- Corporate operations and the role of commodity risk.
- Commodity market categories.
- The unique nature of physical vs financial assets.
- Market characteristics: Exchange traded vs OTC.
- Price discovery and market transparency.

## Unit 2:

### Market Participants:

- Ags, Energies and Metals - who are the participants.
- Speculators, hedgers and investors.
- More detail on energy markets - products, suppliers and consumers.
- More detail on Metal markets - products, suppliers and consumers.
- More detail on Ag markets - products, suppliers and consumers.

## Unit 3:

### Primer on Derivatives: Linear Products:

- The role volatility, black swans and market blow-ups.
- Pricing forwards and futures.
- The cost of carry model.
- Mean reversion in commodity pricing.
- Hedging and risk reduction.

## Unit 4:

### Option Trading II:

- How option prices change.
- American vs. European options.
- Option spread trading - money spread and calendar spread.
- Taxonomy of option trading methods.

- Trading strategies involving two options.
- Trading strategies with three or more options.

## Unit 5:

### Adjusting risk exposure with option trades:

- Understanding risk exposure and its significance in trading decisions.
- Identifying strategies to manage risk through option trades.
- Hedging techniques using options to mitigate downside risk.
- Adjusting risk exposure dynamically based on market conditions and portfolio objectives.
- Evaluating the effectiveness of option trades in achieving risk management goals.