

Commodities & Commodity Derivatives

A practical two-day programme on the latest techniques for pricing and managing the risk in a portfolio of commodities and commodity derivatives used for investment and trading.

Presented by Professor Hélyette Geman

All delegates will receive a copy of Professor Geman's book, "**Commodities and Commodity Derivatives: Modelling and Pricing for Agriculturals, Metals and Energy**".

THE COURSE

The current explosion of activity in commodity makes this course essential for all those needing a thorough and detailed understanding of all types of commodity transaction. This programme provides an in-depth coverage of complex issues such as volume risk, mean-reversion, the forward curve, and the theory of storage. Plain-vanilla and exotic options on commodities will be analysed in the context of trading and risk management, as well as a real options approach to energy physical assets. Lastly, different ways of investing in commodities will be presented and discussed, as well as ways of holding commodity baskets to diversify a portfolio and hedge against inflation.

PRIOR KNOWLEDGE

A background in finance and a basic knowledge of commodity markets is assumed.

WHO SHOULD ATTEND?

- Commodity Traders
- Hedge Fund Managers
- Investment Bankers
- Energy Company Risk Managers
- Insurance companies

About LFS

London Financial Studies is a specialist teaching resource that concentrates exclusively on capital markets. We offer individuals, teams and companies a unique and expert teaching resource that combines theoretical understanding with practical experience. LFS is well known for its personal approach and the economic value that it delivers to clients.

This program is accredited by the CFA and Institute members are eligible for 16 Continuing Education credit hours.



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DAY I

Spot and Forward Commodity Markets in Detail

- Price formation in commodities: the massive arrival and rapid withdrawal of new players
- Theory of storage and forward curves in detail
- Understanding the impact of inventory and commodity price volatility
- The role of shipping markets: the remarkable spikes in freight indices and their recent collapse

Metal markets

- Zinc, copper, nickel, lead
- The impact of the London Metal Exchange rules
- Precious metals: is Gold returning to its role as a shelter currency?

Energy Markets

- Coal and its large reserves
- Natural gas markets; modelling and understanding the role of seasonality
- Crude oil prices and its new developments

Case Study: Modelling the dynamics of commodity forward curves: seasonality and stochasticity. The Borovkova-Geman model applied to crude oil and natural gas.

The Teacher

Hélyette Geman is Professor of Finance at the University of Paris Dauphine and ESSEC Graduate Business School. Professor Geman has been a scientific advisor to a number of major energy companies for the last decade, covering the spectrum of oil, natural gas and electricity as well as agricultural commodities origination and trading. She was previously Head of Research and Development at Caisse des Depots. She has published more than 80 papers in major finance journals and has written a book entitled 'Insurance and Weather Derivatives'. Professor Geman is also a Member of Honour of the French Society of Actuaries. Her research includes asset price modelling using jump diffusions and Lévy processes, commodity forward curve modelling and exotic option pricing, for which she won the Merrill Lynch Awards first prize. She was named in 2004 in the Hall of Fame of Energy Risk. Wiley Finance published her latest book, 'Commodities and Commodity Derivatives' in January 2005. Hélyette is also a hugely popular and inspiring teacher.



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DAY II

Financial and Physical Options in Commodities - Investing in Commodities

- Electricity and its unique features
- Agricultural commodities: the old and the new
- Ethanol and biofuels revisited
- Water as the next commodity

- Commodity cross correlation and the implications for risk management
- The unique features of commodity volatilities in spot and option prices
- Managing the specific risks from electricity derivatives
- Spread options in commodities: differences from other asset classes and how to model them (crush spreads, sparkspreads, darkspreads)
- Valuation of physical assets in the energy industry

- Investing in commodities:
 - The major commodity indexes
 - The choice of weights, rebalancing rule and time-to-maturity of the futures
 - The importance of the shape of the forward curve in the roll yield
- Commodity Structured Notes and ETFs

Case Study: Investing in shares of oil and mining companies: how good is the performance?
Mid cap versus large caps.

Our work is built on four complementary key values

Practical application

What we teach is soundly based in current best practice. Our teachers have extensive practical experience in relevant capital markets.

Intellectual clarity

Our teachers are first class communicators and acknowledged experts in their fields. They combine extensive practical experience with profound theoretical understanding. As skilled communicators, they get the message across quickly and effectively. Course exercises deliver effective practical learning that participants remember long after leaving the classroom.

Personal approach

We try to understand the needs of each person and structure courses and packages of real benefit to them. All our teaching groups are small enough to enable individual needs to be assessed and met continually.

Economic value

We understand the commercial environment in which our clients operate. What we teach them delivers tangible benefits to their personal performance and the bottom line of their companies.



Booking Form

The course fee is £1195 per day plus VAT and includes lunch, refreshments, full documentation, all relevant Excel macros and spreadsheets and access to our on-line Library.

An early booking discount of 10% is available for bookings made more than 20 working days before the start of the course. Multiple booking discounts are also available.

Invoices will be sent out with payment instructions and are payable by the earlier of 14 days from receipt or the first day of the course.

Commodities & Commodity Derivatives (Please fill in 1 form for each booking)

PLEASE WRITE CLEARLY IN BLOCK CAPITALS

Course Dates:	Name:
Title: <input type="checkbox"/> Dr <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms	Company:
Job Title:	Department:
Phone:	E-mail:
Details of person to whom invoice should be sent:	
Name:	E-mail:
Phone:	Job Title:
Payment Type: <input type="checkbox"/> Invoice <input type="checkbox"/> Credit Card	
Address for Invoice:	

Booking Code (if applicable):	Purchase Order:
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I have read and accept the booking conditions on this page

Signed:

Date:

Registration

To confirm your place, please return this booking form by fax to: +44 (0)20 7378 1062

General Course Booking Conditions

Cancellations

An administration fee of 15% of the full brochure price will be charged for written cancellations received more than 20 working days prior to the start of the course. Delegates who request cancellation 20 working days or less before the course start date, or who do not attend, will be charged the full course fee. In the event of delegates not being able to attend, substitutes are welcome at any time for no extra charge.

Postponements

Delegates may make one postponement of a course place from the date of first booking to the next available date free of charge provided that the postponement request is received more than 20 working days before of the start course. All other postponements will be subject to a fee of 15% of the full brochure price.

VAT

For courses run in the United Kingdom, VAT at 17.5% is due on all fees unless a VAT Exemption Certificate is provided at the time of booking.

Disclaimer

London Financial Studies reserves the right to cancel or postpone courses for reasons beyond its control. Under all circumstances the company's liability is limited to a full refund of the course fee paid.

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