

This training course is designed to expand delegates' knowledge of risk management with respect to freight trading.

Learning objectives

Acquiring insight and knowledge of:

- Transport as an asset class
- Market participants & their roles
- Bottlenecks & risks connected to the freight sector
- Products traded in the freight markets
- Risk management within the freight sector
- Hedging instruments
- The working and applications of those products
- Pricing, benchmarks & indices
- Exchanges & OTC trading

Target group

Mercurious' Freight Derivatives training courses are particularly suitable for compliant financial and commodity community, as well as the shipping community, including:

- Operators in the shipping sector
- Commodity traders
- Risk managers
- Commodity credit & equity analysts
- Commodity executives in banking
- Investment & Portfolio managers
- Financial consultants to the commodity sectors

Training

The Freight Derivatives course is designed to provide participants with an introduction to freight trading, cargo handling, market participants and fundamentals such as harbour logistics. Additionally, a broad practical insight regarding risk management and trading strategies with derivatives is provided.

The training sessions have a strong interactive character whereby the contribution of participants is of utmost importance. A picture of the working of freight derivatives is given during the training sessions by means of theory, questions and theses.

Content

The Freight Derivatives training course covers one full day. The course can, of course, be adapted to specific sections, and we can tailor the course to your specific requirements. While dealing with each subject, attention is given to the various characteristics, aspects, opportunities and risks attached to that subject.

Freight Derivatives

Session 1

The shipping sector

- Transport
 - Commodity transport (pipelines, grids, vessels)
 - Cargo
 - Dry
 - Wet
 - Crucial parameters
 - Volume
 - Speed
 - Choice between
 - Containers (Premium & Standard)
 - Bulk carriers & tankers
 - Miscellaneous
 - Off shore
 - Vessels
 - Carriers
 - Tankers
 - Vessel types
 - Main trading routes
 - Safety issues
 - Oil spills
 - Danger of explosion for LNG tankers
 - Double sided tankers
 - Infrastructure
 - Harbours
 - Investments
 - Constraints
 - Harbours
 - Kyoto
 - IPCC
 - Pollution
 - Weather events
 - Lack of shipping capacity
 - Growing demand
 - Construction
 - Replacement
 - Age of world fleet
 - Orderbook
 - Chartering options
 - Trip charter
 - Time charter
 - Single trip
 - Period charter
 - Third party cargoes

Session 2

Pricing, Trading & Risk Management

- Freight forecasting & modelling risk
- Fundamental price drivers
- Price volatility
 - Price risk management
 - Identification, measuring & hedging
- Structuring of contracts
- Cyclicity
- Contract specifications
- Trading
 - Bilateral transactions
 - OTC markets
 - Exchange platforms

Session 3 & 4

Forward freight agreements (FFA)

- Pricing data; indices & benchmarks
 - Platts
 - IMAREX
 - The Baltic Exchange
- Clearing & Settlement
- Cash settlement
- Clearing houses
 - NOS clearing
 - LCH Clearnet
 - NYMEX Clearport
 - SGX
- Trends & developments
- Forward Freight Agreements (FFAs)
- Swaps vs. futures
- Freight options