

This course is extremely practical. Participants play trading games, and have to solve many exercises & cases. A steep learning curve and an increase of both knowledge and skills will be the result.

Learning objectives

Acquiring insight and knowledge of:

- The working of processes in the gas industry
- Geo-politics & the future perspective of the gas markets
- Production & consumption
- Quality & quality conversion
- Market participants & their roles
- The working of local, regional & international gas markets
- Transport of gas: Shipping, pipelines & hubs
- TSOs & Balancing regimes
- Products traded in the gas markets and
- The working & applications of those products
- Pricing, benchmarks & indices
- Trading & the reasons for trading
- Usual trading techniques & methods
- Cross-border trading & Currency risk
- Risks connected to the energy markets
- Correlation coefficients & skew in distribution of chances

Target group

Mercurious' Gas Trading training courses are particularly suitable for the compliant financial and energy community including:

- Gas traders
- Bankers
- Commodity traders
- Gas executives
- Portfolio managers & Risk managers
- Back office staff
- Gas credit & equity analysts
- Investment managers
- ICT staff
- Legal staff
- Employees of Finance & Control
- Financial consultants to the gas sector
- Journalists focused on the gas industry

Training

The Gas Trading course is designed to provide participants with an introduction to market participants, gas products, pricing, trading, storage, cross-border trading, LNG and fundamentals such as production & consumption. Additionally, a broad practical insight regarding trading, the reasons for trading, the implications of it, trading strategies with derivatives, and risk management 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 gas markets, relevant developments, risks and other relevant issues are given during the training sessions by means of questions, theory and theses.

Content

The Gas Trading training course covers two full days. The course can be adapted to specific sections, and to your specific requirements. While dealing with each subject, attention is given to the various characteristics, aspects, opportunities and risks attached to that subject.

2-DAY TRAINING COURSE: GAS TRADING

Program

▪ Working of the gas markets

- Hubs
 - Physical vs. Virtual hubs
 - Henry Hub, NBP, TTF, Zeebrugge

▪ Market participants

- Consumers & Producers
- State-owned vs. privatized companies
- The role of governments

▪ Features of gas

- Quality (High caloric, Low caloric, Hi, Lo, G+, G-, Wobbe index, Quality conversion (capacity))

▪ Sectors:

- Upstream, Midstream & Downstream

▪ Transport

- Pipelines vs. LNG
- Regassification vs. liquefaction capacity
- The effect of LNG on gas pricing
- Transmission System Operators (TSOs) (National Grid, Fluxys, Gas Transport Services, Balancing regimes)

▪ Pricing

- Fundamental price drivers
- Gaspec
- Price formulas
- Correlation with oil price
- Benchmarks & indices
- LNG pricing
- Environmental issues (Kyoto protocol, Carbon trading, Fuel switching)

▪ Physical markets vs. Financial markets

▪ Spot products (Intraday, Day ahead, BOW, BOM, BOY, WKND, WDNW, Quarter, Season, Cal)

- Consumption curve; seasonality
 - Daily pattern (day-night)
 - Weekly patterns (working days vs. weekend)
 - Yearly patterns (winter-summer)
- Definitions (Peak vs. off-peak, Base load vs. peak load)

▪ Contract specifications & structuring

- Physical delivery vs. Financially settled products

▪ Bilateral deals

- The reasons for trading (Physical need, Hedging, Optimization, Arbitrage, Speculation)

▪ OTC markets vs. Exchange trade

- The role of brokers
- NYMEX, ICE, APX-ENDEX

▪ Risk Management

- Identification
- Measuring
- Control

▪ Hedging tools & strategies

▪ Derivatives

- Forwards/Futures (versus spot trading)
- Options (protection: caps, floors & collars)
- Swaps (basis swap, fixed-for-floating swap)

▪ Agreements & conditions

▪ Collateral & margin

▪ Clearing & settlement (cash or physical)

▪ Volatility

- Skew & (Lepto)kurtosis

▪ Forward curves

- Backwardation
- Contango
- Convenience yield

▪ Spread trading

- Quality spreads
- Location (basis) spreads

▪ Correlations & cross margining

▪ Spark spreads

- Clean vs. dirty
- Virtual power plant

Exercises

Practical exercises being used in this course help you to understand 'why' and 'how'. This assures that you will improve your skills, besides from the increase of knowledge, by means of facts and theory. Exercises used in this course:

- Asset & Portfolio management for gas
- Hedging & optimization of a long term gas contract
- Cross-border trading
- Value-at-Risk

Trading Game

Participants of the course will play trading games. This objective of this is to make attendees familiar with the psychology, pressure and stress of trading (though in a fun way this time). And also to make participants aware of the trading systems traders use, being offered by exchanges, or players in the OTC market. Last but not least by this practical workshop you will be able to implement vocabulary and terminology with respect to trading.