

2-DAYS “SPREADS & SPREAD TRADING”

INTEGRATED PORTFOLIO MANAGEMENT

During this course you'll encounter spreads and the trading of these combined positions. Considered are various forms of spreads. It is covered when these are applied and for what reason.

The goal of the training is to provide insight in the way spreads work and how they are incorporated in the portfolios of energy (trading) companies.

The course provides participants insight in trading mechanisms and triggers. This means that this workshop is therefore not only applicable to those who are active in the front or middle office as trader or risk manager, but actually also for all who work in the trading environment, ranging from board members, project managers, legal staff, treasury management, ICT staff, back office employees, sales personnel, finance specialists, controllers, accountants, regulators and compliance officers.

Level & Prerequisites

Mercurious guarantees a very interactive, practical and hands-on three days, full of examples, cases and exercises. Participants are required to participate actively and thereby we stimulate the learning curve optimally.

There are no prerequisites to attend. In other words, you don't need any basic knowledge, and still you'll manage to take it into depth. Mercurious is responsible for the guidance and helps you dealing with these challenges.

SPREADS

- Definition
 - Differential
 - Product
- Types
 - Time spread
 - Location spread
 - Cross-commodity spread
 - Spark spread & Dark spread
 - Clean
 - Dirty
 - Efficiency
 - Intensity
 - Crack spread
 - 2:1:1
 - 3:2:1
 - 5:3:2

→ **Exercise:** Calculate spreads

SPREAD TRADING

- Components
- Legs
 - 2 legged spreads
 - 3-legged spreads
- Standardisation
 - Power markets:
 - Energy efficiency & carbon intensity
 - Oil markets:
 - Output/slate composition

→ **Exercise:** Modeling spreads

SPREAD VOLATILITY

- Volatility
- Risk indicator
 - Impact of correlation
 - Valuation of physical assets
 - ROA

FUTURES SPREAD VALUATION

- Valuation methodologies
 - M-to-M valuation
 - Fair value

→ **Exercise:** Valuation of spread

SPREAD OPTIONS

- Spread options
 - Real option approach
 - Hedging of physical assets
 - Delta hedging of spread option
 - Impact of cascading on hedge

→ **Exercise:** Valuation of spread options

ACCOUNTING

- Asset-backed trading
 - Hedging strategies
- Book structure
 - Accounts
- Lock-in models
 - Securing future cash flows of physical assets