

Oil Markets & Trading

3 days
Overview

MTP-EN-P

LEVEL

Skilled

PURPOSE

This training provides a better understanding of the structure of the markets, the uses and the impacts of physical and financial markets for crude oil and petroleum products.

LEARNING OBJECTIVES

Upon completion of the course, participants will be able to:
analyze the parameters which influence prices of crude oil and prices of petroleum products,
review the different oil trading markets by type of transaction,
understand the importance of maritime transport costs in oil supply economics,
comprehend hedging techniques available for protection against fluctuations in prices.

WAYS AND MEANS

Syndicate works on case studies.
Case studies.

LEARNING ASSESSMENT

Participants will be evaluated during the training through exercises and case studies.

PREREQUISITES

Bachelor's degree +3 and/or a minimum 3 years of working experience in downstream or finance.

Agenda

OIL SUPPLY & DEMAND FUNDAMENTALS

0.25 d

Energy resources.
Energy demand and supply.
Oil producing countries, OPEC, consuming countries, international oil companies: constraints and strategies.

SHIPPING

0.25 d

General features.
The market and its players-fixing of the freight rate (Worldscale).
Chartering contracts.
Risk control and environmental protection.

CRUDE & PETROLEUM PRODUCTS PHYSICAL TRADING

1 d

What is the value of a crude oil? The refiner's point of view.
Different types of contracts: long term, spot and forward.
Main oil markets and their features.
Key benchmark crudes.

The role of the PRAs (price reporting agencies).
Links between Trading and Shipping.
Products trading.
Main provisions of a sale/purchase contract.

EXCHANGES & FUTURES TRADING

The concept of volatility
Definition of a contract: the cases of WTI and Brent.
Exchanges and their organization: the cases of NYMEX and ICE.
Main Futures Markets.
Hedging principles.
Hedging imperfections, basis risk.
Market structure (contango, backwardation).
Case studies.

1 d

DERIVATIVES

Options: principles, basics and characteristics.
Interests and limits of options.
Swaps: principles, basics and characteristics.
Interests and limits of swaps.

0.25 d

HEDGING STRATEGIES - VARIOUS CASE STUDIES ON HEDGING

For a refiner.
For a crude oil producer.
For a marketer.
For an industrial consumer.

0.25 d