

# Asia Knowledge

## Commodity Derivatives and Trading

Date: 16th - 17th February 2008  
Hotel: JW Marriot Hotel, Mumbai  
Workshop Leader: Mr. Kasper Walet



Open	Close	High	Low	Volume
D 19.18	19.19	19.76	19.70	44542200
D 63.0300	63.0400	63.9000	63.8200	17269600
18.05	18.07	18.37	18.42	10921100
D 104.01	104.10	108.15	108.15	9123200
1.00	1.05	1.40	1.35	5938

  

BUY CSCO Shares 500 Type Stop Price

SELL Exchange NasNM Price 19.20

SHORT

**PLACE ORDER**

SMART LIMIT STOP MARKET STOP MKT STOP LMT STOP TRAIL CASH ACCOUNT

OrderNo.	Symbol	Action	Type	Price	Shares	Pending	Executed	AvgPrice	Last Time & Status
Cancel									
Cancel									
Cancel									

  

Symbol	Pos.	Shares	Price	Value	Profit
MSFT	Long(2)	400	63.0275	25212.00	0.0675
INTC	Long(2)	300	33.2200	9954.00	0.0400

Partner Exchange



India's No.1 Commodity Exchange  
A Financial Technologies Group Company

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### Introduction

The Indian economy is witnessing a mini revolution in the commodity derivatives market. Commodity options trading and cash settlement of commodity futures was banned since 1952 and until 2002 commodity derivatives market was virtually non-existent, except some negligible activity on an OTC basis. Now in September 2005, the country has 3 national level electronic exchanges and 21 regional exchanges for trading commodity derivatives. As many as eighty (80) commodities have been allowed for derivatives trading. The value of trading has been booming and is likely to cross the \$1Trillion mark in 2007 and, if all goes well, seems the markets is sure to cross \$5 Trillion mark in a few years.

Commodity derivatives, which were traditionally developed for risk management purposes, are now growing in popularity as an investment tool. Institutions that are gearing up to tap into the commodity derivatives market, can use this training workshop to gain insight into the latest developments in this area. The workshop is structured in such a way that a good balance between theory and practice will be achieved.

The highly interactive training program will be supported by the use of a web-based trading simulation package, called Erasmus Trading Manager. These simulations have proven to be an effective and fun method to get participants acquainted with the different products and risks in commodity markets. Each game uses price patterns based on real-world markets and brings forward a specific product or characteristic of the commodity markets.

### Suggested Course Duration

2 days

### Level

Intermediate

### Who Should Attend

Participants will gain a clear understanding of the potential oppurtunities Involved in the Commodity Derivatives market in South East Asia.

Corporate treasurers

Traders

Credit analysts

Structured product managers

Lawyers involved in commodity finance

Fund managers

Commodity bankers

Corporate bankers

Risk managers

Structured trade analysts

Trade Finance

Investment managers

Individual & institutional investors

Audit & compliance managers

Commodity/ trade finance manager

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### Trainer Profile

Kasper Walet, Managing Partner of Maycroft Consulting based in Amsterdam, the Netherlands will be the trainer. While working in the commodity and energy industry for over 20 years Kasper has built a unique knowledge and experience on an academic and practical level about all the aspects related to trading and risk management of commodities.

Kasper has given numerous seminars, workshops and (in-house) training sessions about both the physical and financial trading of commodities. The courses have been given to companies of countries from all over the world such as Japan, Singapore, Thailand, China, United States, Canada, United Kingdom, Germany, Poland, Russia, France, the Netherlands and also India. It will be his pleasure to share his expertise with you as well.

### Training approach

The program is structured in such a way that a good balance between theory and practice will be achieved. From experience we know that we will get the best results when the attendees are actively involved. We will explain all the topics in-depth with the use of practical examples and graphics. The theory will be put in practice with the use of several real-life case studies and computer simulations.

The highly interactive training program will be supported by the use of a web-based trading simulation package, called Erasmus Trading Manager. These simulations have proven to be an effective and fun method to get participants acquainted with the different products and risks in commodity markets. Each game uses price patterns based on real-world markets and brings forward a specific product or characteristic of the commodity markets.

### Erasmus Trading Manager

This highly interactive training program will be supported by the use of the trading simulation package called "Erasmus Trading Manager". These simulations have proven to be an effective and fun method to get participants acquainted with the different products and risks in commodity markets. Each game uses price patterns based on real-world markets and brings forward a specific product or characteristic of the commodity markets.

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### Workshop Agenda Day 1

#### 1st Track (9:00am)

##### *Introduction*

- What are the latest developments in the commodity markets?
- Will the current bull market last?
- Will the global demand for commodities increase further?
- Role speculators, such as hedge funds
- What do investors expect and what is their strategy?

#### 2nd Track

##### *Today's Commodity Markets*

- Understanding the marketplace
- Commodity Spot trading
- Structure of futures markets
- Participants
- Role of shipping and freight

#### 3rd Track

##### *China's and India's Commodity Hunger*

- Global impact of the demand from China and India
- Top 10 import products
- Role (geo) politics
- Future role of China and India

#### 4th Track

##### *Commodity Markets; The Fundamentals*

- |               |                                 |
|---------------|---------------------------------|
| - Energy      | - Metals                        |
| - Oil Market  | - Agriculturals                 |
| - Natural Gas | - Biofuels                      |
| - Coal        | - Freight                       |
| - Electricity | - Weather and commodity markets |

### Workshop Agenda Day 2

#### 5th Track (9:00am)

##### *Commodity Risks; Sources and Measurement*

- |                 |                            |
|-----------------|----------------------------|
| Different risks | Basis                      |
| Market          | Operational                |
| Credit          | Introduction Value-at-Risk |
| Liquidity       |                            |

##### *Case Study: Erasmus Trading Manager*

#### 6th Track

##### *Derivatives and value drivers*

- Short review of products being traded. Focus on specific characteristics, purpose of products and differences between the products
  - Forwards, futures, swaps
  - Options: Call versus put, European, American, Asian
  - Structured products
    - Spread options
    - Straddles, strangles
    - Swing options
- Value drivers of forwards, futures and swaps:
  - Forecasts versus forward prices
  - Cost-of-carry principle: arbitrage
  - Risk premia in forwards
- Value drivers of options:
  - The forward price, market volatility and interest rate

#### 7th Track

##### *Commodity Price Dynamics*

- Volatility in commodity markets:
  - Historical versus implied volatility
  - Long- and short-term volatility dynamics
- Correlations in commodity markets:
  - Short versus long-term correlation
  - Interpreting correlation
- Dynamics of forward prices: backwardation versus contango, short- and long-term variations, variations in seasonality

#### 8th Track

##### *Concept of hedging and effectiveness*

- Hedging
  - Corporate risk exposures
  - Bank risk management
  - Customer exposures
  - View-driven exposures
- Forward and Swap Hedging Strategies
- Option Hedging Strategies
  - Basic strategies; Long synthetic Call and Short synthetic Put
- Spreads, Straddle and Strangles
- Hedging efficiency
  - Optimal hedge ratio
  - Cash flow at risk
- Dynamic hedging

#### 9th Track

##### *Investing in commodities*

- Direct and indirect investment
- Active and passive investment

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### Delegate Registration Form

#### Delegate Information

Name: \_\_\_\_\_

Designation: \_\_\_\_\_

Direct Phone / Extn: \_\_\_\_\_

Email: \_\_\_\_\_

Name: \_\_\_\_\_

Designation: \_\_\_\_\_

Direct Phone / Extn: \_\_\_\_\_

Email: \_\_\_\_\_

Name: \_\_\_\_\_

Designation: \_\_\_\_\_

Direct Phone / Extn: \_\_\_\_\_

Email: \_\_\_\_\_

For more delegates, please send delegate information on another page

Company: \_\_\_\_\_

Address: \_\_\_\_\_

#### Authorized by / Billing Information:

Signatory must be authorized to sign on behalf of contracting organization

Name: \_\_\_\_\_

Designation: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

Email: \_\_\_\_\_

Your Signature & Company Seal

This booking is invalid without a signature.

Date: \_\_\_\_\_

Delegate fees is to reach us  
within 7 days of contract date

Completed contracts can be faxed or e-mailed

Fax: +91-22-26319376

Email: reg@asiaknow.com

Please make cheques / DDs payable in favour of:  
"Asia Knowledge Associates"

and send to:

Suite 20, Mayfair, Raviraj-Oberoi Complex,

Off New Link Road, Andheri West,

Mumbai 400053 INDIA

Phone: 91 (22) 32951668

Avail 10% discount before 8th February 2008

#### Delegate Fees

- 1 Delegate:19,900/- INR
- 2 Delegates:18,900/- INR X 2
- 3 Delegates:17,900/-INR X 3

#### Terms & Conditions:

1. Confirmation: Telephone bookings are provisional until written confirmation is received, either by fax with credit card details or by post with a cheque. Alternatively an invoice can be sent out in which payment must be made within 5 working days of booking.  
2. Payment: All payments must be received within 5 working days of booking. Failure to pay within this time may result in the course price being cancelled subject to the cancellation terms below.  
3. Cancellations: Cancellations must be received in writing and are subject to the following charges: cancellations received more than 2 weeks prior to the date of the course will be charged at 50% of the booking cost. Cancellations received within 2 weeks of the course date will be charged at 100% of the booking cost.  
4. Substitutions: Delegates substitutions are welcome at any time and do not incur any charge. Please fax or mail your changes to us.  
5. Transfers: Transfers to alternative events or dates may also be subject to charges. Transfers received before 2 weeks prior to the course date will not be charged. Transfers received within 2 weeks of the course date will be subject to 50% of the initial booking cost. A credit note will be issued for the remaining 50%.  
6. Alterations to the advertising course: We put the greatest care and effort to ensure solidity of the program schedule. AsiaKnowledge will not be responsible for covering airfare, hotel or any other cost incurred by the registrants. In the event that AsiaKnowledge cancels the course, AsiaKnowledge reserves the right to transfer this booking to another course to be held in the following 12 months or to provide a credit note of an equivalent amount to another course within the following 12 months.  
7. Liability: By completing this registration form the client hereby agrees that AsiaKnowledge will not be able to mitigate its losses for any less than 50% of the total booking cost.  
8. Once signed and returned by e-mail, mail, or fax, this form is regarded thereafter as a firm contract.