Fundamentals of Coal Trading and Risk Management

Learning essential trading and hedging techniques

13-15 November 2006
M Hotel, Singapore

Attending this intense and highly-focused three-day training course will enable you to:

- Grasp the fundamental mechanisms of OTC trading in the coal markets
- Analyse the drivers of risk management from a range of perspectives
- Master the techniques of calculating risk indicators and maximise their use
- Devise and apply effective trading strategies
- Evaluate and formulate structured deals in the coal market
- Calculate and use options for coal price risk management
- Utilise derivatives to lock in the cost of freight
- Manage counterparty risk via coal contract provisions and clearing
- Set up a derivatives desk on sturdy risk management foundations

save $300
Book by 29 September 2006
Coaltrans’ intensive training course will boost your practical understanding of trading and risk management, and enable you to hit the ground running with a multitude of concrete tools that can be applied on your first day back in the office.

Who should attend?
This intensive course is designed for executives in the coal, fuels and energy sectors who may have a basic understanding of derivatives but are seeking practical insights to trade and manage risk with full confidence.

Recent Coaltrans Coal Trading and Risk Management training courses were attended by executives in key energy, mining, utility and trading companies from the UK, Europe, South Africa, Latin America, Asia and the USA, including:
- Coal producers
- Coal buyers
- Coal sales and marketing managers
- Energy traders and marketers
- Bank and financial institution executives
- Shipping and logistics managers
- Importers / Exporters
- Energy brokers
- Middle and back-office managers
- Risk managers

Hands-on training and long-lasting benefits
Throughout the course, teaching will be reinforced with practical examples and exercises inspired by day-to-day trading situations.

The programme will also draw upon the hands-on experience of a panel of expert guest speakers who will share their views on best practice and offer pragmatic advice on the trading and hedging tools that are vital to their success in the sector.

Enduring value: Delegates will take away beneficial reference materials as well as advice on pursuing their training.

“Overall I thought the course was superb, in just 3 days it covered all the basics of trading and coal derivatives. Also, I thought Guillaume’s presentation style was excellent - very knowledgeable, relaxed and informative.”

Laurence Poloni, Energy Trader, EDF Energy

Coaltrans Conferences organises leading international coal conferences, which attract delegates from all over the world. It also runs focused regional events, exhibitions, field trips and training courses, with a reputation for employing the highest organisational standards. Coaltrans regularly runs events in Europe, Australia, China, India, Indonesia, Singapore, South Africa, the USA and the UK.

Course outline
The core objectives of this course are to achieve a practical, working understanding of key hedging and trading tools in the coal and dry bulk shipping markets including structured deals, freight derivatives, coal contract provisions, clearing and options.

Venue
The M-Hotel is located strategically in the heart of the business district, within walking distance of major government offices, commercial buildings and banks. Enjoy the conveniences of a new-generation hotel, offering a contemporary, relaxed and productive environment ideally suited to the business traveller.
DAY ONE:
Monday, 13 November 2006

SESSION 1:
Introduction
08:30-09:00
Instructor:
Guillaume Perret – Instructor and Course Director

- Course outline and logistics
- Faculty’s and delegates introduction

SESSION 2:
The steam coal derivative market
09:00-10:15
Instructor:
Guillaume Perret, Director, Perret Associates

- Products traded: history, volumes
- Indices definition and methodology
- Market structure: principals, brokers, exchanges
- The different ways of trading derivatives: over-the-counter and clearing

SESSION 3:
The physical market and its relative maturity
10:45-12:00
Instructor:
Patrick Markey, Marketing Director, globalCOAL

- The relative maturity of the coal market. Is physical coal a commodity?
- Trading Volumes: explaining the rise in liquidity
- Risk Management: separating physical from financial risk
- The coal derivatives market in perspective with other mature markets

12:00 – 13:30
Networking lunch

SESSION 4:
What is a financial swap and how it works?
13:30- 14:30
Instructor:
Russell Norton, Head of Commodities, Asia, Barclays Capital

- Fixed and floating leg
- Typical swap contract
- Settlement price
- Specifics of financial swaps versus physical futures

14:30 – 14:45
Refreshments and Networking break

SESSION 5:
Financial swaps and coal risk management
14:45- 17:00
Instructor:
Guillaume Perret, Director, Perret Associates

- The use of derivatives to manage physical risk
- Deal example for suppliers, end users and traders
- Intra commodity arbitrage
- Implied freight

17:00 – 18:00 Optional Tutorial: An opportunity to further explore the material covered during the day

DAY TWO:
Tuesday, 14 November 2006

SESSION 6:
Mark-to-market and forward curve
09:00- 10:15
Instructor:
Guillaume Perret, Director, Perret Associates

- What is mark-to-market and how is it used?
- Implications and potential issues
- Price forecast versus forward curve
- Contango versus backwardation and switch between the two
- Trading the forward curve e.g. time-spreads

10:15 – 10:45
Refreshments and Networking break

SESSION 7:
Structured deals and coal risk management
10:45 – 12:00
Instructor:
Jeffrey Chen, Managing Director, Commodity Trading Asia, Société Générale

- Links between physical and derivative markets
- Structured deals in the coal market
- Suppliers’, traders’ and end-users’ case studies

12:00 – 13:30
Networking lunch

SESSION 8:
What traders and brokers do?
Over-the-counter market mechanisms
13:30 – 14:30
Instructor:
Guillaume Perret, Director, Perret Associates

- Trader’s day-to-day activity
- Typical deal flow and implications at a company level
- Required infrastructure to support trading activities
- Broker’s role and their relationship with principals

for latest programme updates please visit our website on www.coaltrans.com/trading
SESSION 9: Freight derivatives and the physical shipping market  
14:45 – 15:30
Instructor: Mikal Bøe, Managing Director – Asia / Pacific, Director – Information Services, Imarex
- Physical market fundamentals and the growth of freight futures
- Vessel sizes and trade routes
- Freight derivatives: main products, market sizes and volumes traded
- Freight derivatives market structure: principals, brokers, exchange and clearing

15:30 – 16:00 Refreshments and Networking break

SESSION 10: Introduction to options  
16:00 – 17:00
Instructor: Guillaume Perret, Director, Perret Associates
- Definition: call, put, strike, premium and other essential concepts
- Premium calculation and the Black Scholes Model
- Interest of options and practical examples
- Risks and pitfalls

17:00 – 18:00 Optional Tutorial: An opportunity to further explore the material covered during the day

SESSION 11: Understanding risk management indicators  
09:00-10:15
Instructor: Guillaume Perret, Director, Perret Associates
- Volatility, correlation, delta, value-at-risk and other risk measures
- Easy and useful way to calculate these indicators
- Avoiding the false sense of security they can provide
- Introduction to more sophisticated risk management systems

SESSION 12: Legal, ISDA and the counterparty risk  
10:45-11:30
Instructor: Alistair Duffield, Partner, Holman Fenwick & Willan
- What is an ISDA contract? Master agreement and schedule
- Why are ISDA contracts increasingly used in the derivatives market?
- Implications for the coal derivative market

SESSION 13: Clearing - another way to solve the counterparty risk  
11:30- 12:30
Instructor: John Cunningham, Senior Marketer - Commodity Futures, BNP Paribas
- What is clearing?
- Clearing mechanisms and the role of general clearing members
- Implications for market participants: mark-to-market, initial margins, daily margins, cash-flows
- Interactive examples

SESSION 14: Setting up a derivatives desk and wrap-up  
14:00 – 15:30
Instructor: Guillaume Perret, Director, Perret Associates
- Typical trading floor organisation and business models
- Departments responsibilities and inter-connections: risk management, back-office, credit, legal
- Risk analysis and strategy implementation
- Critical issues to consider
- Next steps
- Questions and answers

A comprehensive overview of the coal derivatives market

Very good and interesting. Gave me a good understanding of financing issues within the coal market
Teaching Faculty

The expert faculty gathers executives and practitioners from a range of companies actively involved in different areas of the international coal business. Teaching methods will include lectures, examples drawn from real business situations, group exercises and interactive discussion. Delegates will have ample opportunity to question each speaker to make the most of their expertise and experience in the field of coal trading and risk management.

Course Director:

- **Guillaume Perret,**
  Director, Perret Associates
Guillaume Perret has ten years of experience in commodities trading and shipping. Before establishing his own consulting business in 2005, he spent five years with the German utility RWE Trading in London, setting up and developing the steam coal and freight trading activities and concluding structured deals with third parties. Between 1995 and 2000, he worked as a trader with Louis Dreyfus Negoce in Paris, trading international grains and chartering physical vessels. His consulting business, Perret Associates, focuses on risk management as well as the development of trading activities based on his extensive hands-on experience in trading front offices. He has also earned an MBA from the London Business School and Kellogg School of Management.

Faculty:

- **John Cunningham,**
  Senior Marketer - Commodity Futures, BNP Paribas
Prior to joining BNP Paribas, John Cunningham worked in the power industry, trading power and gas forwards since the UK market liberalisation in 1997, and since 2000 in the continental markets. He has experience as a trader with ScottishPower, TXU and Aquila, and in commodity trading and financing with Standard Bank London. Now with BNP Paribas, John specialises in commodity futures marketing with a focus on power, gas, emissions and freight.

Prior to working for globalCOAL Limited, he worked as a Crude Oil and Refined Products trader at Enron Capital & Trade Resources in both Houston, Texas and Singapore. In addition, he worked for Conoco Inc. for over 10 years in the following roles: Engineering, Supply & Trading, Internal Consulting, and Strategic Planning.

- **Russell Norton,**
  Head of Commodities, Asia, Barclays Capital
Russell joined Barclays Capital in Singapore January 2005 and is Head of Commodities for Asia Pacific. Prior to this Russell worked for Deutsche Bank in Singapore setting up their commodities desk in Singapore in 2000. Prior to this he worked for Masefield AG from 1994-2000 initially based in London covering risk management and later moved to Singapore in 1996 to establish and run their business in Asia. Russell started his career in 1989 with BP working in the UK and South Africa. Russell has a Master of Engineering degree in Chemical Engineering from Imperial College, London.

- **Mikal Bøe,**
  Managing Director – Asia/Pacific, Director – Information Services, Imarex
Mikal Bøe is the Managing Director of IMAREX Asia Pte Ltd and the Head of Information Services for the IMAREX group. Prior to joining IMAREX, Mikal built and ran bunkerworld.com in London. He holds an MBA from Aston Business school and a degree from the RCM.

- **Alistair Duffield,**
  Partner, Holman Fenwick & Willan
Alistair has been based in Singapore for 15 years. He specialises in project finance, energy and natural resources, and general commercial contracts.
He was in the Legal Department of Deutsche Bank for 8 years, working on finance and derivatives transactions. He has worked on the coal supply and transportation arrangements for a number of major power projects, including the Steag/Siemens Iskenderun project in Turkey, and a number of Indonesian power projects. Alistair is qualified in England & Wales and in New South Wales, Australia.

- **Jeffrey Chen,**
  Managing Director, Commodity Trading Asia, Société Générale
Jeffrey Chen is the Managing Director of Commodity Trading Asia with French Bank, Société Générale (SG) in Singapore. He has been based in Singapore for the past 6 years, in charge of the marketing and structuring of the oil and metals derivatives covering Mainland China, Taiwan, Hong Kong and Korea. Before moving to Singapore, he was based in Paris for SG. Before joining SG, he was associate director with Bank of Nova Scotia. Prior to this, he was based in London for Standard Chartered Mocatta, which was a ring dealing remember of London Metal Exchange. Jeffrey Chen graduated from Shanghai Jiaotong University in 1990. He holds a bachelor degree on Material Science.

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For hotel enquiries please contact Sarah Symons on +44 20 7779 8946.

The easiest way to register is online at www.coaltrans.com/trading

HOTEL BOOKING: For hotel enquiries please contact Sarah Symons on +44 20 7779 8623 or email: ssymons@euromoneyplc.com

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- Companhia Siderurgica do Tucano
- Teck Corporation
- TotalFina Elf
- CLP Power Hong Kong Ltd
- InterGen (IHC) Ltd
- ABC Dubash Group
- Balaji Coke Industry Pvt Ltd
- Bhaitia International Ltd
- BHP Billiton
- Coal India Limited
- CRISIL Advisory Services
- Larsen & Toubro Limited
- Reliance Petroleum Limited
- South India Corp Ltd
- Tata Metaliks Limited
- The Tata Iron and Steel Company Ltd.
- United Shippers Ltd
- Usha Martin Industries Ltd
- Adaro Envirosol
- Banpu Public Co Ltd
- PT Adaro Indonesia
- PT Arutmin Indonesia
- PT Hutindo
- PT Indomindo Mandiri
- PT Indonesia Power
- PT Kalim Primco Coal
- PT PLN (Persero)
- PT Powergen Jawa Timur
- PT Tambang Batubara Bukit Asam
- Samco Co Ltd
- NYK Line
- Petronas Mito
- TNB Logistics
- Shouxi Coal Import & Export Group Corp
- Shenhua Coal Trading Company
- Ta Fung Trading Co, Ltd.
- National Power Corporation
- EDP Producac
- Korea Midland Power Co Ltd
- Sanjin Co Ltd
- KRUTrade
- CSL Asia Shipping Pte Ltd
- Termoelectrica Tepalma
- Banwil Coal Services
- ESKOM
- Eyslovote Coal (Pty) Ltd
- Glencore South Africa (Pty) Ltd
- Kumba Coal
- Lambert & Associates
- Spoonet
- Glencore International AG
- Rio Tinto Asia Ltd
- Banpu Minerals Co Ltd
- VMHI Stork RMO-Bulk Handling
- Timex International FEZ
- Banwil Agencies (UK) Ltd
- Caborones del Guanare, SA
- Hargraives plc
- LE Group plc
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