



COMMODITY TRADING



Course Date: TBD



Course Length:

2 days

8:30 a.m. – 4:30 p.m. EST
each day (includes 60 min.
lunch break)



Remote



Instructor:

Richard Weissman

Host:

Nour Zekhmi CTA

Questions?

For more information or to register,
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What Will You Learn

This course provides a comprehensive overview of the full spectrum of commodity markets including energy, agriculture, metals and softs. Learn what commodity trading is, why it is so essential, how it works, where it is traded and who is trading it. Understand the history of commodities trading, what moves commodities prices and how they are traded.

Why You Should Attend

Why are commodities so popular among traders? What are the interrelationships between various commodities markets? Which trades are favored by commodities traders and why? Join Mr. Richard Weissman, a world-renowned author and commodity trader for this three-day Zoom course to gain a practical understanding of techniques, analysis and insights that only his thirty plus years of trading experience can bring. Learn the ins and outs of commodities trading that will help you to navigate through this vast array of sectors, assets and trading instruments.

Topics covered include:

- The vocabulary of commodities trading
- The what, why, how, and who of commodity trading markets
- The history of commodities trading: energy, agriculture, metals and softs
- What moves commodities prices
- The role of the futures exchanges: CME Group and ICE
- What are derivatives: futures, forwards, swaps and options
- Popular trades in today's commodities markets
- Real-time trading examples for all commodity sectors
- How various tools and techniques work from the perspective of professional speculators and commercial hedgers in commodities markets
- The ins and outs of technical and fundamental analysis
- Intermarket analysis of various commodity sectors
- What types of activities are entailed in the generic job title, "commodity trader?"

Course Syllabus – Day One

Morning Session

Session 1: Overview

This introductory session provides an overview of commodity trading sectors including energy, agriculture, metals and softs. In addition, we'll define what derivatives are and why they're important in commodity trading.

Session 2: Commodity futures trading

Why futures? Historical overview of the development and characteristics of commodities futures markets including:

- What is standardization how it fosters liquidity
- Margins and mark-to-market
- The role of the futures exchanges and FCMs
- General terminology

Session 3: A closer look at CME Group & ICE futures

We'll cover how and why CME Group (NYMEX) and ICE provide a liquid, global market to trade and manage price and margin risk for all commodities. You'll understand how the exchange works, who trades, contract specifications, back office and clearing operations.

Session 4: Futures trading & types of orders

With the help of a real-time futures trading simulation, this session will teach you the mechanics of trading including various types of orders used in futures and options as well as common trading terminology.

Afternoon Session

Session 1: Options basics

This session explores why options are used by commercial hedgers in commodities. Throughout the session we will dispel some of the most common myths in derivatives trading. Despite their complexity, we'll show how easy it is to incorporate options into your trading and risk management portfolio. Attendees will learn basic options terminology including calls, puts, holders vs. writers, the difference between in-the-money, at-the-money, and out-of-the-money options, as well as the basic inputs for pricing options.

Session 2: Options basics – trading simulation

Using actual past price history attendees will make speculative options trading decisions. By the end of this simulation you'll understand the difference between calls, puts, being a writer vs. being a holder, in-the-money, at-the-money and out-of-the-money, and how volatility impacts trading decisions in options.

Session 3: Introduction to basis risk

This session will show how commodities futures markets correlate with various spot markets. Attendees will see examples of real-world outright physical market risks and how hedging with various types of derivatives minimizes outright price risk as well as basis risk. We'll look at what over the basis, types of basis risk and tools commodity traders use to minimize basis risk.

Session 4: How energy traders use technical analysis

- Overview of classical technical analysis – support, resistance and trendlines
- How Dow Theory augments analysis of price with volume and open interest
- How trend-following traders use moving averages

Course Syllabus – Day Two

Morning Session

Session 1: Fundamentals of agricultural commodity markets

Learn the ins and outs of agricultural markets and how the idiosyncrasies of each commodity offer opportunities for agricultural traders.

- King Corn – Farming, marketing, trading – Ethanol, DDGS
- Soy Complex – Soybeans, soybean meal, soybean oil and the crush spread
- Wheat – Classes and where it grows
- Cattle – Ranching, feedlots and meat packing
- Hogs – Farming and marketing

Session 2: Fundamentals of softs markets

In this session you will learn the ins and outs of the Softs (aka, "Tropical") commodities markets

- Cotton – The crop we wear
- Sugar – Cane and beets; raw and refined
- Coffee – Arabica and Robusta
- Cocoa

Session 3: Fundamentals of metals markets

In this session you will learn the idiosyncrasies of both precious as well as industrial metals markets

- Gold – Fiat currency
- Silver – Poor man's gold
- Industrial metals – Copper and aluminum

Session 4: Fundamentals of energy markets

In this session you will learn the idiosyncrasies of oil, refined products, natural gas and power markets

- Crude Oil – E&P, OPEC, quality, locations, supply and demand
- Refined Products – Refining, gasoline, ULSD, bunker
- Natural Gas – E&P, pipelines, consumption
- Power – Generation, transmission, consumption

Afternoon Session

Session 1: Trading commodity spreads

- Examination of various futures/physical spread trades from both trading and risk management perspectives
- Intramarket Spreads – old/new crop; seasonal; bull/bear spreads
- Locational Spreads: WTI/Brent; heating oil vs. gasoil, Kansas City vs. Chicago wheat
- Quality Spreads: RBOB/ULSD; Arabica/Robusta coffee; raw vs. white sugar
- Processing Spreads: Cracks; sparks; crush; cattle crush
- Carry (aka, "storage") trades

Session 2: What moves commodity markets

This session will explore the various supply and demand factors that move commodity markets including macroeconomics, geopolitics, weather, Central Bank rate policies, production innovations, transportation issues, storage issues.

Session 3: History of commodity trading markets

- Commodity trading in the 1990s, 2000s, 2010s & current decade
 - Energy, agriculture, metals and softs

Session 4: Putting it all together

In this final session, we'll develop a rule-based active hedge strategy using various tools and techniques examined throughout the three-day course including futures and options from both the perspective of the producer as well as the consumer of physical commodities.

MEET YOUR INSTRUCTOR

Mr. Richard Weissman is one of the world's foremost authorities and thought leaders in the fields of derivatives, risk management and technical analysis. He is the author of two books: *Mechanical Trading Systems: Pairing Trader Psychology with Technical Analysis* (Wiley, 2004) and *Trade Like a Casino: Find Your Edge, Manage Risk and Win Like the House* (Wiley, 2011) which was a finalist for the 2012 Technical Analyst Book of the Year Award.

Richard has more than 30 years of experience as a derivatives trader and has provided training and consultation services to traders and risk managers at investment banks, hedge funds, energy and agricultural companies for more than 20 years. He has helped train staff from virtually every major firm that uses derivatives including Morgan Stanley, Citicorp, Exxon-Mobil, Shell, Exelon, Cargill, CFTC, EIA, Platts, Intercontinental Exchange and CME Group. He has been the featured speaker at leading industry conferences throughout the world.



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