



## INTRODUCTION TO OIL & REFINED PRODUCTS



**Course Date:** TBD



**Course Length:**

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



**In-Person Onsite**



**Instructor-Host:**

Richard Weissman  
Nour Zekhmi

### Questions?

For more information or to register,  
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### WHAT YOU WILL LEARN

Taught by Mr. Richard Weissman, a world-renowned author and petroleum trader, this two-day live course is filled with analysis, strategies and insights that only his 30 plus years of industry experience can bring. The course will provide you with a solid foundation in oil and refined products as you explore the intricacies of upstream, midstream and downstream. We will develop a macro view of how the industry efficiently moves hydrocarbons from the wellhead to consumer. Then we'll examine the nuances and idiosyncrasies of these markets, we'll explore the risks and how they are managed across various sectors.

#### Topics covered include:

- Energy trading vocabulary
- What is commercial hedging?
- Passive vs. active hedge strategies
- The what, why, how, and who of oil and refined products
- The economics of exploration and production
- Crude oil logistics – tankers, barges, pipelines, rail, trucking
- Refinery operations – economics of simple, complex and very complex refineries
- Cracks spreads and protecting refining margins
- Refined product logistics
- How traders trade oil and products – what are the trading instruments and how they are used
- What moves oil and refined product prices
- What are the most popular trades in today's oil and products markets and why?
- The structure of today's energy markets
- Real-time trading examples for various oil and refined products
- What are RINs?
- Biofuels – their feedstocks and their future

# Course Syllabus – Day One

## Morning Session

### Session 1: Crude Oil 101

We will discuss the geological formation of oil deposits (conventional and shale), and then examine the costs associated with finding and extracting oil both onshore and offshore. Then we'll examine quality differences in crude oil and how these differences impact price as well as refinery outputs. Finally, we'll explore crude oil logistics including the economics of moving oil via tankers, pipelines, rail and trucks

### Session 2: Refining

Complexity and scale matter in most production processes, and the refining industry relies heavily on both to maximize economic returns. We will look at refinery configurations and crude oil costs behind the economics that drive operations. Particular emphasis will be placed on financial performance of refining assets through an examination of various crack spreads.

### Session 3: Distribution

Downstream distribution of refined products utilizes various modes of transportation which impact the wholesale and retail price of fuel across geographies. Participants will gain a better understanding of the costs associated with segregated product, batch sizing and carrying safety stock. Particular emphasis will be placed on wholesale distribution from the seller as well as the buyer's perspective.

### Session 4: Overview of Petroleum Trading

- What is petroleum trading:
  - What are oil and products markets
  - Who trades petroleum and why?
  - Basic types of oil and products traders

## Afternoon Session

### Session 1: What moves petroleum prices

- Essential factors impacting petroleum markets:
  - Demand - macroeconomics
  - Supply – Non-OPEC vs. OPEC
  - US Dollar
  - Geopolitics
  - Weather
  - Technical analysis

### Session 2: An Introduction to Commercial Hedging

- What is commercial hedging and why it is so integral to risk management solutions adapted by virtually all major participants in the petroleum industry.
- Passive vs. Active Hedge Strategies

### Session 3: Futures trading

- Why futures? Our historical overview of the development and characteristics of petroleum futures markets includes:
  - What is standardization how it fosters liquidity
  - Margins and mark-to-market
  - The role of the futures exchanges and FCMs
  - General terminology

### Session 4: Futures Spreads

- Why are spreads so essential to commercial hedgers in oil and refined products? What is the carry trade? How do various spreads relate to basis risk? This session answers all these questions as well as providing a thorough examination of popular petroleum spreads such as bull and bear spreads, quality spreads in oil and refined products, locational spreads in oil and products, as well as the crack spreads.

# Course Syllabus – Day Two

## Morning Session

### Session 1: Options basics

- Why options are used by hedgers
- Calls
- Puts
- Writers
- Holders
- Inputs for determining option premiums

### Session 2: Options basics – trading simulation

Using actual past price history, attendees will make options trading decisions. By the end of this simulation, you will understand:

- Calls vs. puts
- Being a writer vs. being a holder
- In-the-money, at-the-money and out-of-the-money
- How volatility impacts trading decisions in options

### Session 3: Petroleum market analysis: Technical vs. Fundamental

- What is technical analysis and how is it used by oil and product traders
- What supply and demand factors impact the oil patch?
- How oil and product traders combine fundamentals with the charts

### Session 4: Common trades in oil & product trading markets

- Overview of popular trades in crude oil and refined products
- Bull and bear spreads
- WTI-Brent spread
- What is the crack spread?
- Locational arbitrage in refined products
- What are locational basis swaps?

## Afternoon Session

### Session 1: Renewables

This session explores renewables: What they are as well as their future. We'll look at the feedstocks and what factors drive feedstock prices? Then we'll examine RINs – what is a RIN, what is the RIN market as well as RIN trading. We'll close the session with an analysis of feedstocks and conventional fuel product prices vs. biofuel in order to determine what is the primary driver of biofuel prices (supply or demand) at various points throughout the economic cycle.

### Session 2: Directional option spread strategies

This session provides a detailed examination of various directional spread strategies, such as collars and vertical debit spreads. We will emphasize matching directional spread strategies with the hedger's directional and volatility forecasts.

### Session 3: Directional option spread trading simulation

In this session, attendees will trade collars and vertical debits spreads based on their directional and volatility views.

### 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 two-day course including futures, options and option spreads from both the perspective of the producer as well as the consumer of oil and refined products.

## 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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