



GAS & POWER TRADING



Course Date: TBA



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,
contact:

Nour Zekhmi
AMEXA AGENCY SA
Email: operationsteam@amexacorp.com
M: +41.78.934.9680

WHAT YOU WILL LEARN

Taught by Mr. Richard Weissman, a world-renowned author and energy trader, this two-day live course is filled with techniques, analysis and insights that only his 30 plus years of trading experience can bring. This course will provide you with a solid foundation in natural gas and power trading as you explore all the instruments, tools and techniques available to energy traders today. We'll explore the nuances and idiosyncrasies of these markets, understand the risks and rewards across various sectors and develop a macro view designed to improve your performance and help you develop a robust trading program.

Topics covered include:

- The basics of gas and power trading
- Gas and power trading vocabulary
- The what, why, how, and who of trading
- What types of activities are entailed in the generic job title, "gas trader" and "power trader"?
- How traders trade gas and power – trading instruments and how they are used
- The history of natural gas and power trading markets
- What moves natural gas and power prices
- What are the most popular trades in today's markets and why?
- The structure of today's natural gas and power markets
- The role of CME Group's NYMEX and ICE
- Real-time trading examples for various products using various technical tools and techniques
- How various tools and techniques work from the perspective of both professional speculators and commercial hedgers in gas and power markets
- The ins and outs of technical and fundamental analysis
- Real-time trading examples for various products

Course Syllabus – Day One

Morning Session

Session 1: Overview

- What are gas and power trading:
 - What are markets
 - Who trades and why?
 - Basic types of traders

Session 2: What moves prices in gas and power markets

- Essential factors impacting natural gas markets:
 - Demand – weather, macroeconomics, seasonality
 - Supply – weather, pipelines, shut-ins
 - Government regulations – international, federal, state
 - Technical analysis
- Essential factors impacting power markets:
 - Demand – weather, macroeconomics
 - Supply – input fuel prices, weather, outages, transmission constraints
 - Government regulations –international, federal, state
 - Technical analysis

Session 3: Futures trading in Natural Gas

- Why futures? Historical overview of the development and characteristics of natural gas 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 4: Natural Gas Futures Trading Simulation

- By participating in our real-time futures trading simulation attendees will learn:
 - The difference between bids and offers
 - The difference between market and limit orders
 - Why liquidity is the name of the game in futures
 - The role of HFT algos and speculators in providing liquidity in Nymex Natural Gas futures

Afternoon Session

Session 1: Options basics

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

Session 2: Options basics – natural gas 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: History of gas and power trading markets

- Trading of Natural Gas in the 1990s
- Trading Gas and Power in the 2000s
- Trading Gas and Power in the 2010s
- Trading Gas and Power in our decade

Session 4: Market Analysis: Technical vs. Fundamental

- What is technical analysis and how is it used by traders
- What supply and demand factors that impact markets?
- How traders combine fundamentals with the charts
- Contrarian theory

Course Syllabus – Day Two

Morning Session

Session 1: Spread Trading

Why are spreads so essential to commercial hedgers in gas and power? 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 spreads such as bull and bear spreads, locational spreads in gas and power, and the spark spread.

Session 2: Common trades in gas and power markets

- Overview of popular trades in natural gas and electricity
- Bull, bear and seasonal spreads in natural gas
- The importance of Henry Hub in natural gas trading
- What are locational basis swaps?
- What are swing swaps?
- Why natural gas is so important to power traders
- Why electricity markets are different?
- What is the spark spread?
- A look at popular trading hubs in power

Session 3: Trading Natural Gas Basis Swaps

- This simulation uses historical natural gas hub pricing differentials to teach attendees how technical analysis is used to trade locational basis swaps.

Session 4: Trader psychology and trading the news

- How traders trade the news
- How successful speculative and proprietary traders, "Trade Like a Casino"
- How a disciplined approach dampens fear and greed
- Trend-following, mean reversion and contrarian theory

Afternoon Session

Session 1: Price risk management

- For over three decades price risk management has been our forte. This session introduces attendees to the basics including:
 - Stop-losses
 - Position sizing
 - Correlation risk
 - Volatility analysis
 - Portfolio level risk management

Session 2: 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

Session 3: Directional option spread strategies

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

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.

Richard provides state-of-the-art training and consulting solutions for traders, risk managers and professionals supporting traders and risk managers. Although his primary focus continues to be serving the needs of the energy and agriculture industries, many of the courses and risk management solutions he provides are applicable to all asset classes including foreign exchange, interest rates, equities, metals and softs.



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