



# Energy Derivatives Adv. Structures & Marketing

## The Need

This program builds on the knowledge of core derivative products and concepts acquired in Applied Energy Derivatives. Participants examine the more complex structures being used in the market to lower costs or reduce risk and learn how to seek out business opportunities arising from both existing transactions and new situations.

## The Program

This course examines the business potential in combining financial transactions such as swaps with physical supply transactions that clients have already booked. Participants review swap valuation techniques so that they can monetize a swap and look at off-market pricing strategies and their customer uses.

## The Practical

Options are pervasive in the energy industry. They are embedded in a wide range of locations ...from supply agreements to physical operations. If you work in this industry, you need to understand how options are valued and managed. The Advanced Structures & Marketing program addresses how the standard option model operates and how the structure of energy markets constrains this model. The course also examines the methodology of a dynamic hedging process and gives participants an in depth look at swaptions.

## Summary and Objectives

At the conclusion of this program participants will be able to:

- ✓ *Demonstrate familiarity with the most appropriate methods to reverse a derivative position*
- ✓ *Present transaction winning structures to customers*
- ✓ *Discuss off-market swap pricing structures and customer strategies*
- ✓ *Discuss the process of monetizing a profitable swap transaction*
- ✓ *Understand the dynamic process dealers use to extract cash value from options*
- ✓ *Identify the limitations of applying traditional option pricing models to energy markets*
- ✓ *Recognize how volatility and time value affect derivative pricing models*
- ✓ *Interpret the arcane language of options—delta, gamma and vega—while avoiding complex mathematics*
- ✓ *Compare and contrast swaptions with other derivative products*
- ✓ *Begin to unbundle complex derivative structures into their basic derivative components*