

DESCRIPTION OF ELECTIVE COURSE

Name of the school : Haute école de gestion de Genève	Academic Year: 2022-2023
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FIRST PART: DESCRIPTION OF MODULE	
1. Domain	Business and Services
2. Department	International Business Management
3. Course name	International Commodity Trading
4. Code	30912 + 30922
5. Type of education	<input checked="" type="checkbox"/> Bachelor <input type="checkbox"/> Master <input type="checkbox"/> MAS <input type="checkbox"/> DAS / CAS / single days
6. Number of ECTS Credits	9 per semester for each biannual module
7. Prerequisites	<input checked="" type="checkbox"/> Validation of the modules in semesters 1 and 2 <input checked="" type="checkbox"/> Attendance of the modules in semesters 3 and 4 for full-time students, and semesters 5 and 6 for part-time students <input type="checkbox"/>
8. Teaching language	<input type="checkbox"/> French <input type="checkbox"/> German <input checked="" type="checkbox"/> English <input type="checkbox"/> Other:
9. Objectives	<p>The course objective is to prepare the student to enter the world of commodities by giving the student technical knowledge and the grasp of terminology surrounding the various components of commodity trading.</p> <p>The course is split into 4 parts:</p> <p>Fall semester: Front-Office</p> <p>The commercial activity in trading organizations happens in the Front Office. This course intends to introduce students to the underlying and important foundations to Commodity Trading represented by this function in the Front Office. Commodity Trading is normally a low margin and high-volume business with volatile commodity prices. This course will examine different trading company models and how they make money from physical arbitrage opportunities. With price and market risk accounting for the majority of risk faced in commodity trading, a solid understanding of price risk and its mitigation and management through hedging instruments is essential knowledge. Fundamental market analysis is also a cornerstone to building a trading strategy and</p>

	<p>for understanding commodity trade flows. This course will also cover the basics for constructing supply and demand balances in various commodity markets.</p> <p>Fall semester - Commodity Trading Physical Operations I</p> <p>This Module's overall primary objective is to help prepare students to enter the commodities trading, finance and shipping sector based throughout the 'arc lémanique'. Commodity trading is built up transaction by transaction, deal by deal. Each deal is governed by a web of contracts. This course is primarily designed to be as practical as possible, conveying to students practical knowledge that they will use every day when on the job. This specifically means a focus on the contracts, documents and concepts that govern trade transactions. The philosophy and approach of the course is to be practical, asking above all the question: will the student be confronted by this on their job?</p> <p>Spring semester – Middle Office</p> <p>Whether it is labelled Mid or Middle Office, Product Control or Deals Desk the role of this function is to monitor, analyze and report the exposure of the trading function. The Middle Office is key to coordinating between the Front Office and the Back Office (operations, finance, contract administration) in Commodity Trading organizations. This course is to prepare students for entry-level positions in the Middle Office and will cover risk management (market, operational & credit), trade monitoring and compliance, order management of the trade life cycle and product control of position and risk limits. In addition, it will introduce students to key supporting Information Technologies in trading such as Commodity Trading & Risk Management (CTRM) software solutions. Upon completion of this course, students will be able to perform a Profit & Loss attribution breakdown, position exposure evaluation and market risk assessments. These skills will enable students to add value and provide valuable information to the Front Office to support decisions related to the commercial activity. The Middle Office reports are essential for traders to make the right commercial decisions and to optimize portfolio opportunities. The Middle Office presents a training ground and important learning experience for Front Office roles.</p> <p>Spring semester - Commodity Trading Physical Operations II</p> <p>This course builds on Commodity Trading Contracts I and delves further and deeper into contractual issues and operational risks.</p>
<p>10. Contents <i>(General themes and descriptions, the accurate content may change)</i></p>	<p>The topics in the course will include:</p> <p>Fall semester - Front-Office</p> <ul style="list-style-type: none"> • Commodity Trading company models • How do Trading companies make money? • Physical commodity arbitrage • Price & Market Risk • Forward curves • Physical & Financial hedging instruments (futures, forwards and derivatives) • Benchmarks and pricing methodologies • Commodity futures exchanges • Over the Counter (OTC) trading & counterparty risk (margins) • Arbitrage

	<ul style="list-style-type: none"> • Basis trading and basis risk • Fundamentals (supply & demand balances) • Trading Compliance <p>Fall semester - Commodity Trading Contracts I</p> <ul style="list-style-type: none"> • Commodity fundamentals, supply and demand and international commodity trade flows • Incoterms • Importance of contracts and documentation in commodity trade transactions • Bills of lading & Letters of Credit • Legal frameworks • Charterparties <p>Spring semester – Middle Office</p> <ul style="list-style-type: none"> • Order Management & The Trade Life Cycle • Monitoring Physical & Financial Trades • Position & Pricing Reporting • Profit & Loss Calculation (Mark-to-Market) • P&L Attribution Analysis (Price, Basis, Position Change) • Risk Position & Decomposition • Analyse Exposure against Position & Risk Limits & other controls • Introduction to Valuation of structured products (storage, transport, options) • Regulatory & Compliance reporting • Trading authorities (limits & layers) • Trading management IT systems (CTRMs & ETRMs) <p>Spring semester - Commodity Trading Physical Operations II</p> <ul style="list-style-type: none"> • Title & retention clauses • Signatory majeure • Issues around prepayment • Pipeline sales and contracts • Storage contracts • Insurance contracts
<p>11. Evaluation</p>	<p>The grading of the module shall be based on:</p> <ul style="list-style-type: none"> • A written exam in week 15 of the semester; and/or • Mid-term assessments during weeks 1 to 14 according to the decision of the instructor. <p>(The methods and weightings are communicated by the instructor before the evaluations)</p>
<p>12. Remediation/repetition</p>	<p><input checked="" type="checkbox"/> Compulsory remediation if the module grade is between 3.5 and 3.9 / 6. When subject to a remediation, only the grade of the remedial exam will be taken into account (maximum grade 4.0). A repeated module cannot benefit from a remedial exam.</p>

	<input type="checkbox"/> No remediation
13. Coordinator / main instructor	Julie Noller, Richard Watts
SECOND PART: LOCATION OF THE MODULE IN THE STUDY PLAN	
14. Level	<input type="checkbox"/> Basic module <input type="checkbox"/> Advanced module <input checked="" type="checkbox"/> Specialized module <input type="checkbox"/> Other:
15. Characteristics	<input checked="" type="checkbox"/> Module is mandatory (which could lead to final dismissal from the program, cf. art.15, al.1, « Statut des étudiant-e-s bachelor »)
16. Type	<input checked="" type="checkbox"/> Main module <input type="checkbox"/> Module linked to main module <input type="checkbox"/> Optional module <input type="checkbox"/> Other:
17. Time organization	<input type="checkbox"/> Module over 1 semester <input checked="" type="checkbox"/> Module over 2 semesters <input checked="" type="checkbox"/> Spring semester <input checked="" type="checkbox"/> Fall semester <input type="checkbox"/> Other