



Course Outline LNG Markets and Spot Trading

Day 1

Developments in the Global Gas Market

- How gas is becoming a global market
- Pipeline gas vs. LNG
- Role unconventional gas resources
- Supply chain
- Demand and Supply
- Price drivers
- Flexibility

Overview of LNG Markets

- LNG Value Chain
- Impact Floating LNG
- Supply and demand
- Regional or Global market
- Sellers vs. Buyers market
- LNG Trade Flows
- Impact widening Panama Canal
- Competition between markets
 - LNG Supply; Atlantic Basin, Pacific Basin, Middle East and New producers
 - LNG Import; Atlantic Basin, Pacific Basin
- Players, both upstream and downstream, and their major characteristics and strategies
- Market trends
- Future global Outlook

Importers and exporters LNG in the different Regions

- Middle East
- Asia
- Latin America
- Africa
- FSU
- Europe
- Australia



LNG Trade Flows

- Shipping Terms
 - FOB, CIF, DES
- Shipping types and costs
- Cargo routes
- Reloading

Day 2

LNG contracting structures and pricing mechanisms

- Contract structures
- LNG sales and purchase agreements
- Types of price formation mechanisms
- Regulated vs. Unregulated
- Oil linked vs. Spot
- LNG spot price; Netback pricing concept

Long term vs. Short term LNG Markets

- What is long term , short term and what is spot
- Potential sources
- Requirements
- Growth drivers
- LNG spot prices in Asia and Europe
- Use of Standard contracts

LNG trading and trading markets

- Players in the trading markets: banks, brokers, traders, end users, producers:
 - What is their role? Why do they trade? How do they make money?
- OTC vs. exchange trading
- Spot versus forward trading
- Forward and futures markets and how they function
- Trading physical commodity
- Different trading strategies
 - Hedging
 - Arbitrage
 - Speculation



Flexibility in Contracts: Arbitrage

- Arbitrage Opportunities
 - Diversions and reloading
- Potential players involved in arbitrage deal
 - Seller
 - Initial buyer
 - Trader
- Playing the spread game
- LNG Spread Asia vs. Europe
- Future role US liquefaction capacity
- Impact on pricing

Day 3

Asian LNG Spot Market

- Dynamics of Asia LNG spot market
 - Supply surge, new entrants and shifting demand patterns
- Traditional players; South Korea ,Japan and Taiwan
- New big players; China and India
- Other regional players; Thailand, Vietnam etc.
- Role Singapore as future trading hub
- Entrance new financial players
- JKM Index
- First LNG Swaps
- Advantages Asian LG Swap market
- Practical Examples how markets work
 - Demand Japanese utilities
 - KOGAS from South Korea
 - Taiwan and Thailand
- Spot Trade agreements
- Outlook Asia LNG Spot market



Use of derivatives in LNG

- Use of derivatives
- Introduction to different gas derivatives
 - Forwards
 - Futures
 - Swaps
 - Options
- Trading and hedging strategies: Optimising return while minimising risk
- Hedging against spot price risk
- Hedging and liquidity risk
- Evaluation of trading and hedging strategies
- **Case Studies: 5 real life LNG hedging scenarios**

LNG Risks and Risk Management

- What are main risk categories
 - Market, credit, operational and business risks
- Risk management organization and process
- Identification and quantification of risk
- Counterparty and credit risk
- Typical trading strategies and their associated risks
- Main sources, scale and timing of risk
- Risk/reward strategies
- Risk measures

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