



LONDON • JERSEY

SWAPS OVERVIEW



ENERGY MARKETS & DERIVATIVES

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SWAPS OVERVIEW

Background

Swaps have increased both in variety and use over the last few years. They underpin many trading strategies and numerous investment products. While simple to those in detailed daily contact with Swaps, they appear confusing to those with less experience or to those without formal training.

This course provides a fairly detailed overview of Swaps, what they are, how they are used and the major varieties. No prior knowledge is assumed of Swaps but a good general knowledge of securities is assumed.

Delegates

- Fund Managers new to Swaps
- Dealers and Brokers new to Swaps
- Accountants and Internal and External Auditors (CPD credit)
- Compliance Officers
- Back Office Managers and Staff
- Institutional Salesmen
- Lawyers (CPD credit available)
- IT & Systems Executives developing Systems for Swaps
- Pension Fund Trustees considering the use of Swaps

CPD Credit available

Content

Market Overview

Development of the swap market
Key users and uses
ISDA
Interaction with related markets

Interest Rate Swaps

Definition of an interest rate swap
Floating versus fixed rate asset/liability
Cash flows over time
Quoting a swap price
Coupon, basis, asset, term, money market swaps

Uses of IR Swaps

Converting floating to fixed and vice versa
Arbitrage using swaps
Gaining access to markets
Increasing lending and reducing borrowing rates
Role of broker and intermediary

Currency Swaps

Definition of a currency swap
Types of currency swaps
Quoting a price
Use of Currency Swaps

Asset, diff, circus, cocktail swaps

Credit Default Swaps

Definition, Structure, Use

Swaptions

Definition, Structure, Use

Pricing and Valuation Overview

Review of time value of money
Discount functions
Defining price and value of a swap
NPV of fixed versus floating cash flows
Amortising, accreting, roller coaster swaps
Valuing a swap set by futures prices

ENERGY MARKETS & DERIVATIVES

Background & Objective

Oil and Gas markets have recently shown explosive growth which many believe will continue over the next few years. Less noticed has been the interesting and fruitful development of the Electricity and Carbon Emissions Derivatives Markets.

This 2 day course provides a coherent overview of the Trading and Derivatives available on all the major Energy products. A basic knowledge of Traded Futures and Options is assumed – but not of these products.

Delegates

- Hedge Funds looking at alternative products
- Oil, Gas and Utility company executives
- Energy & Commodity Traders considering new areas or products
- Fund Managers wishing to widen their investment range
- Private Bankers and Pension Fund Advisors
- Operations and Back Office staff
- Accountants, Compliance and Auditors
- IT Executives designing systems for these products
- Government Regulators

Content

Background to Energy Pricing & Derivatives

The different types of energy and energy markets
Energy market drivers.
Market users and participants
Spot and Forward pricing
Forward curves, limitations of forwards and the changing shape of the forward curve

Calculating the convergence price and yield
Energy derivatives – Delta One

- Futures
- Pricing an energy swap
- Take or Pay contracts

Energy derivatives – Options

- Option valuation using Blacks'76
- Energy exotics – Asians, Spread and Swing
- Energy Caps, Floors and Collars

Oil Markets & Derivatives

Introduction to oil – world reserves and production
Crude types – sweet n' sour, Heavy n' light
Marker crudes and benchmark pricing : WTI, Brent, Dubai etc
Differential Swaps and spread swap
Pricing a Differential Swap
Crude Oil price drivers
The refining process and distillates markets
Refining netbacks
Pricing a Crack Spread
Crack curves and using Cracks as distillate stock level predictors

The Coal Markets

Coal types and uses
Demand versus supply and reserves
Coal Pricing – International and USA
Coal price drivers
Coal pricing and freight costs
Trading coal

Natural Gas Markets & Derivatives

Natural Gas types
Gas market supply and demand: reserves and consumption
Gas market drivers
Transporting Gas
The US Gas market: Gas pipelines and Hubs implications
Delivery basis
Natural Gas basis swaps and spreads
The UK Natural Gas market: Gas network, pipes and beaches. OCM trading
The European Gas market
Natural Gas Storage
LNG
NGL and Fractionation spreads. Calculating the shrink

Electricity Markets

Electricity markets & structure. Nord pool UK electricity market. Price drivers
Electricity derivatives: forwards, swaps, spreads and options
Electricity forwards
Spark and Dark spreads
Calculating Spark and Dark spreads
The adjusted (clean) Spark spread

Carbon Markets & Emissions Trading

Greenhouse gases and the Carbon markets
The Kyoto Protocol
Emission Trading Schemes: EU ETS Phase I & II
Clean Development Mechanisms. Joint implementation
US Climate exchanges
Voluntary Schemes
Climate Exchanges
Trading Carbon Emissions : shape of EUA and CER
EUA basis forward curves
Correlations with fuels
Emissions swaps

DETAILS

SWAPS OVERVIEW

Duration: 1 day **Time:** 9.30 am - 5.15 pm approx
London: **Wednesday 4 March 2009**
Radisson Edwardian Berkshire Hotel, 350 Oxford Street, London WIN 0BY
Tel: 0207 629 7474 (Underground: Bond Street)
Friday 11 September 2009
Venue on application
Fee: £ 550 + VAT.
Jersey: **Thursday 14 May 2009**
Venue on application
Fee: £ 550

ENERGY MARKETS & DERIVATIVES

Duration: 2 days **Time:** 2.00 am - 5.15 pm approx
London: **Tuesday 7 - Wednesday 8 April 2009**
Radisson Edwardian Berkshire Hotel, 350 Oxford Street, London WIN 0BY
Tel: 0207 629 7474 (Underground: Bond Street)
Monday 6 - Tuesday 7 July 2009
Venue on application
Fee: £ 960 + VAT

Discount: 10% for 3 or more delegates from the same organisation attending the same course.
Prices are inclusive of documentation, lunch and refreshments.
Accommodation is not included but details will be provided upon request.

APPLICATION FORM (please photocopy if necessary)

Please enrol (Names)
on your Course.....on (date)
A cheque for £made out to Investment Education plc is enclosed.
Please invoice
Course details should be sent to Mr / Mrs / Ms
Company
Address
Postcode Tel..... Email

Email Bookings: Bookings may be made via a booking form on our website at : www.InvestmentEducation.net

Cancellations

Full fees are refunded for cancellations received more than 14 days before course commencement. Thereafter a 50% refund applies. No refund is made for cancellations within 7 days of course commencement. In the event of cancellation by Investment Education plc liability will be limited to the course fee.

Terms: Law of England and sole jurisdiction of English Courts to apply to all arrangements with Investment Education plc.

Course content, presentation and timing are regrettably always subject to change without notice. The company reserves the right to refuse entry to any delegate. Individuals and their employing organisations making or booking places for delegates warrant that notes copyright will be observed and that course notes or other documentation provided on the course will not be provided to outside organisations or people. The same parties also independently warrant that for a period of up to one year from the date of the last course attended by an employee of the same organisation or, separately, themselves, all trainers used by Investment Education plc on courses they attend, will only be used by them via Investment Education plc failing which the appropriate Investment Education plc day rate per course day or part thereof will be paid to Investment Education plc. Trainers already used by the nominating organisation in the 2 years before the date of the course attended are excluded from this restriction. If Investment Education plc considers that these terms have been infringed then the party or nominating organisation for the delegate will provide upon written request, a complete, accurate and prompt response to clarify the situation to the satisfaction of Investment Education plc. Each term in these booking conditions is to be independently construed.

**Please reply to: Investment Education plc, Oddfellows House, 40 Fountain Street, Manchester M2 2BE, United Kingdom
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IN-HOUSE AND OTHER COURSE DETAILS ARE AVAILABLE UPON REQUEST

Example courses include:

- Corporate Actions
- Compliance Basics
- Accounting for Investment
- Hedge Funds Overview
- Risks & Controls in Securities Operations
- OEICS & UT Administration
- Securities Lending & Borrowing
- Hedge Funds Styles & Strategies
- Traded Life Policy Investments
- Pensions Investment Briefing
- Fundamentals of Fails Management
- Bonds & Fixed Income Investment
- Accounting for Basic Derivatives
- Fund Management Overview
- OEICS & UT Administration
- Energy Derivatives Overview
- SICAV Briefings
- Pension Fund Accounting
- How the Financial Markets really work