Commodities

ECTS : 3

Description du contenu de l'enseignement :

The purpose of this course is to gain in-depth understanding of how commodity and commodity derivative markets work, covering:
- Historical development and importance of commodity markets,
- Market structure, market participants (producers, consumers, investors, traders, market makers, public entities): who they are and why they participate
- Cash and derivatives, Physical and financial markets relationships
- Economics and price formation: supply and demand, logistics, macroeconomics, geopolitical and regulatory factors, weather, inventory, market sentiment, flows, liquidity.
- Commodity pricing and models
- Main instruments transacted: futures, forwards, swaps, options, and more complex products. How they work and how to value them
- Hedging and trading strategies risk management techniques and frameworks
- Commodity as an asset class
- Functioning of main commodity trading venues and exchanges
- Commodity markets regulatory framework and recent evolution.
- Ethical, social and environmental considerations in commodity markets and how they affect them

The course will cover main commodity products/markets: oil, gas, power, environmental commodities, industrial metals, precious metals, agriculture and cross-commodity indices .

The course will provide general overviews and theoretical backgrounds combined with practical case studies drawn from real life examples, including examples from recent commodity market events (eg COVID market impacts, 2022 European energy crisis, US tariffs etc).

Compétence à acquérir :

Theoretical and practical knowledge of commodity market operations

Mode de contrôle des connaissances :

Final exam

Bibliographie, lectures recommandées :

Geman H., Commodities and Commodity Derivatives : Modelling and Pricing for Agriculturals, Metals and Energy, Wiley Finance (2005).