Commodity trade finance

ECTS : 0

Description du contenu de l'enseignement :

This course will be divided into two parts: one on commodity-specific risks arising from traders' unique business model and the second one will put an emphasis on many commodity trade finance products and solutions used by the various players in the field;

1. Commodity traders' key risks:

- Pure trading risks: low-margin business in a high-leverage environment, performance risk, fraud risk, ESG, reputational risk, liquidity risk (bank run, margin calls)
- Merchant risks: performance, credit, counterparty risks
- Corporate risks: non-performing assets, vertical or horizontal integration, off-balance-sheet risks
  Business cases to illustrate those risks.

2. Tailored commodity trade finance products

- Pure CTF products such as transactional lines, borrowing base facilities, receivables discounting, margin call lines, pre-export or prepayment facilities, repo.
- More just like corporate but with a commodity twist (supply chain financing, bonds, sustainability-linked loans, securitization, M&A, ECA, advisory, …).
  Business cases to illustrate a transactional line, a borrowing base mechanism, and reverse factoring.

Compétence à acquérir :

Main takeaways of this course are:

- Be able to describe and assess key specific risks of traders' businesses (from trading to merchant banking, including vertical/horizontal integration).
- Discover main commodity trade finance products and solutions tailored for traders' activities and specific risks.

Mode de contrôle des connaissances :

Examen terminal écrit (100% de la note).

Bibliographie, lectures recommandées :

The world for Sales, Jack Farchy