

# LNG MARKETS & SPOT TRADING

20 – 22 February 2012, Singapore



**Expert Course Trainer:  
Kasper Walet**



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## Course Overview

The LNG market is developing from a market based fully on long-term contracts, to a more flexible market based on a portfolio of contracts of different durations. The changes in the market, combined with increased demand are creating a base for a more flexible market, where the LNG spot market will be playing a role. The changes in the market can be identified in the following areas: development of terminals and plant sizes, increased integration throughout the supply chain, diversification of supply sources, increased contractual flexibility and increased geographical distance.

The changes in the LNG markets are creating the foundation for the development of the LNG spot market right here in Asia today. This 3 day intensive course will give you cutting-edge knowledge needed in today's complex LNG market. Increase your knowledge and understanding of the LNG market and spot trading aspects by attending this 3 day course.

## Course Objectives:

- ❖ Track and leverage on the current and global drivers of the world Natural gas and LNG markets
- ❖ Appreciate the trading structures of LNG and how to structure its risk management
- ❖ Understand the workings and future outlook of the Asian LNG Spot market
- ❖ Discover and exploit the arbitrage trading opportunities between the different markets
- ❖ Learn what LNG derivatives are and how it will become available for hedging and proprietary trading purposes

## Case studies and Exercises

The course will use actual case references throughout its duration in various forms. This will allow the application of the participants' newly-acquired knowledge. Case studies also stimulate independent thinking and discussion among the participants.

## Who should attend

LNG market development executives are drawn from both technical and non-technical (commercial, finance and legal) backgrounds. Participants who have recently joined an LNG market development team, perhaps with expertise in one area of gas development, will benefit from the course by obtaining a good grounding of all other areas.

## You will meet the following professionals from the Gas, Power and LNG industry:

Sales & Marketing, Economist, Risk Management, Finance & Accounting, Project Financiers, Investment Analyst, Energy Lawyers, Strategic Planners, Business Development, Commercial and Asset Managers

## About your Expert Trainer: Kasper Walet



Kasper Walet has 25 years of experience and extensive knowledge on a practical and theoretical level about all the aspects related to trading, derivatives and risk management in the commodity industry. Kasper received his Masters degree in Law from the University of Utrecht in 1987. He started his career at the NLKKAS, the Clearing House of the Commodity Futures Exchange in Amsterdam. After working for the NLKKAS for five years, Kasper was appointed as Member of the Management Board of the Agricultural Futures Exchange (ATA) in Amsterdam at the age of 31. While working for the Clearing House and exchange, Kasper became an expert in all the aspects of trading and risk management of commodities. In 1997 he founded his own specialist-consulting firm that provides strategic advice about (energy) commodity trading and risk management. Kasper has advised government agencies such as the European Commission, investment banks, major utilities and commodity trading companies and various exchanges in Europe, CEE countries, North America and Asia. Some of the issues he has advised on are the development and implementation of a Risk Management Framework, investment strategies, trading and hedging strategies, initiation of Power Exchanges (APX) and other trading platforms, the set-up of (OTC) Clearing facilities, and feasibility and market studies like for the LNG and the Carbon Market.

Kasper has presented workshop sessions about both the physical and financial trading and risk management aspects of commodity and carbon products. These courses were provided to companies across the world, in countries like Japan, Singapore, Thailand, United Kingdom, Germany, Poland, Slovenia, Czech Republic, Malaysia, China, India, Belgium and the Netherlands. In the area of LNG in particular, Kasper provided consultancy and training services to LNG and gas companies like Malaysia LNG, and other energy companies and investment banks. He also completed an extensive feasibility study for a European exchange for the possibility to list LNG derivative contracts. Kasper has published several articles in specialist magazines such as Commodities Now and Energy Risk and he is the co-author of a book called A Guide to Emissions Trading: Risk Management and Business Implications, published by Risk Books in 2004. Kasper will become a lecturer at the Hult International Business School in 2011.

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### 3 DAY COURSE PROGRAMME

#### Day One

##### **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 Two

##### **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 Three

##### **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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Singapore	EARLY BIRD	✓	NORMAL	✓	<b>PetroEdge recognises the value of learning in teams.</b>
LNG Markets and Spot Trading 20 – 22 February 2012	SGD 3299		SGD 3499		Group bookings at the same time from the same company receive the following:  3 or more at 5% off 5 or more at 7% off 8 or more at 10%  All other promotions including early bird are exclusive of the group discount.

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### Delegate 1

<input type="checkbox"/> Mr	<input type="checkbox"/> Ms	<input type="checkbox"/> Mrs	<input type="checkbox"/> Dr	<input type="checkbox"/> Others:
Name	:			
Job Title	:			
Department	:			
Telephone No.	:			
Email	:			
Head of Dept.	:			

### Delegate 2

<input type="checkbox"/> Mr	<input type="checkbox"/> Ms	<input type="checkbox"/> Mrs	<input type="checkbox"/> Dr	<input type="checkbox"/> Others:
Name	:			
Job Title	:			
Department	:			
Telephone No.	:			
Email	:			
Head of Dept.	:			
Company	:			
Address	:			
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#### Please note

- Indicate if you have already registered by Phone +Fax +Email +Web
- If you have not received an acknowledgement before the training course, please call us to confirm your booking.
- Photocopy this form to register multiple delegates.

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Make Payable to Asia Edge Pte. Ltd.

#### *By Direct Transfer*

Please quote your invoice number with the remittance advise  
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