

# Oil and Gas Markets, Trading, Pricing and Economic Framework

## INTRODUCTION

- Crude oil and petroleum products are considered among the world's most important resources. The fossil fuel industry has a pivotal role in driving the global economy. Crude oil and the petroleum products derived from it, plays an important part in the economic activity of all nations. Petroleum itself is used for numerous products, that include petrochemicals, medicines, cosmetics, and thousands of other products used in our daily lives, in addition to serving as the world's primary fuel source.
- This training course is designed to provide you with a complete understanding of the financial and physical and markets for crude oil and petroleum products. The economic framework of the oil industry is studied in detail with a particular reference to economic slowdown caused by pandemics. In addition, as the oil industry faces challenges related, the impact of the shale industry as well as new regulations in curbing carbon emissions will be examined on the oil producing and consuming nations.

This training course will highlight:

- Crude & petroleum products physical trading
- Market price strategies
- Concepts in oil trading
- Petroleum products price setting mechanism
- Exchanges & futures trading
- Derivative products swaps and options

## OBJECTIVES

At the end of this training course, you will learn to:

- Review the different oil trading markets by type of transaction
- Review the different types of contracts: long term, spot and forward
- Understand how crude oil and petroleum products are traded
- Understand the pricing mechanism of crude oil and petroleum products
- Comprehend hedging techniques available for protection against fluctuations in prices
- Understand the principle of financial derivatives products like Swaps and Options

## TRAINING METHODOLOGY

- Participants to this training course will receive a thorough understanding on the subjects covered by the course outline with the tutor utilising a variety of proven adult learning teaching and facilitation techniques. Training methodology includes PowerPoint presentations short videos, case studies as well as active discussions.

## ORGANISATIONAL IMPACT

- After this training course, the organization's employees will be better capable in analyzing and assessing the crude oil and petroleum product markets, and how both physical and financial markets are organized. Crude oil and its derivative product trading and pricing will be extensively studied and analysed.

The employer will gain:

- Understand the principle of financial the physical futures markets
- Summarize the operation of the physical and financial oil markets
- The impact of the Shale industry
- Trends in Carbon emissions and carbon trading
- Crude Oil and petroleum product Trading
- Petroleum products price setting mechanisms

## PERSONAL IMPACT

- Different strategies international oil trade
- Trading on the oil markets
- The spot markets
- Basic refining economics
- Petroleum products price setting mechanism
- Derivative products, swaps, and options

## WHO SHOULD ATTEND?

- It is geared towards all personnel in the petroleum or associated industries needing to improve their knowledge and understanding of crude oil and petroleum product, trading, and pricing mechanisms.

This training course is suitable to a wide range of professionals but will greatly benefit:

- All personnel in the petroleum or associated industries needing to improve their knowledge and understanding of crude oil and petroleum products trading and pricing mechanisms
- Petroleum economists
- Oil and Gas business students
- Energy industry journalists and reporters

## Course Outline

### Introduction to Crude oil: A Finite Resource

- Introduction to Upstream Oil & Gas Industry
- Oil & Gas Reserves, Production, consumption & Trade
- The impact of the Shale industry
- Trends in Carbon emissions and carbon trading
- Basic Refining and refining complexity
- Refining Economics

### A Marker Price

- Different strategies
- International oil trade
- Anatomy of the Crude Oil Pricing System
- Prices on the oil markets
- Hedging – Risk Management

### Introductory Concepts in Oil Trading

- Trading on the oil markets
- The spot markets
- Spot crude oil prices
- The Brent market
- Indexing crude oil prices



### Petroleum Products price Setting Mechanism

- How prices are reported?
- The physical futures markets
- The financial futures markets
- The historical development of the petroleum exchanges
- Futures contracts
- Pricing structures: Backwardation and Contango
- The limitations of the futures markets

### Derivative Products: Swaps and Options

- The definition of an option
- The cost of an option
- The definition of a swap
- The historical development of the petroleum exchanges
- USA / UK / Singapore