

COURSE DESCRIPTION

Course Title	COMMODITY TRADING BASICS				
Course Code	ATSD301				
Course Type	Elective				
Level	BSc				
Year / Semester	4 / Fall or Spring				
Teacher's Name	Dr Emmanouil Nikolaidis				
ECTS	6 ECTS	Lectures / week	3	Laboratories/week	
Course Purpose:	<p>The course aims to cover relevant theoretical and practical aspects of the commodity paper markets and their correlation with the physical trades and markets. The course provides analysis of the risks that are associated with the commodities and provides the most common risk mitigating tools either for hedging or for speculating reasons.</p> <p>Forward contracts, futures, options and swaps are analyzed as the most common financial risk mitigating tools.</p>				
Learning Outcomes	<p>By the end of the course, the students should be able to:</p> <ul style="list-style-type: none"> • Understand the basics on trading commodities and the associated risks. • Analysing the main categories of commodities as the underlying markets for hedging and speculation • Evaluating the financial risks with and without applying risk mitigating tools I the commodity markets. • Understanding the functions of the Commodity Market Exchanges, and the indicators for monitoring these markets. • Understanding the inner workings of the commodity paper markets and the derivative products that are used either for hedging or speculation reasons • Applying the basics of the risk mitigating tools in order to hedge their position during case studies from the real commodity markets. • Evaluating the risks that are associated with the extensive use of the paper markets • Evaluating the effectiveness of the commodity paper markets and the recent developments in risk mitigation tools 				
Prerequisites	NONE		Corequisites	NONE	

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Course Content:	Indicative Course Content: <ul style="list-style-type: none">● Commodities: Physical and paper Markets<p>Analysis of the main categories of commodities. The four main categories are analysed in terms of the fundamentals. The main categories are:</p><ul style="list-style-type: none">- Agricultural products: soft commodities. They include crops like coffee, corn, wheat, soybeans, cotton, and lumber.- Livestock and meat: soft commodities. They include live cattle, beef, pork bellies, and milk.- Energy products: Hard commodities. They include crude oil, natural gas, unleaded gasoline, propane, ethanol, and coal.- Metals: Hard commodities. They include precious metals like gold and silver and industrial metals like copper, aluminium, and palladium.● The role of the Commodity Markets – Commodity Indicators<p>The evolution of the commodity markets – electronic trading in commodity markets – commodity indices</p>● Commodity Trading and paper markets – Historical evolution, scope and basic elements<p>Commodity trading as the exchange of different assets that are based on the price of an underlying physical commodity. Buying and selling in paper markets, investors, speculators and hedgers – the role of the expected future value – trading strategies</p>● Forward and Future contracts in commodity markets<p>Differences between forward and futures in commodity derivatives.</p>● Options and Swaps in the commodity markets<p>Options as a risk mitigating tool in the commodity market</p>● Correlation between the underlying and the paper market<p>Correlation between the underlying and the commodity paper markets</p>● Risks associated with the commodity paper markets – correlation with shipping indices<p>Most common types of Risks in Commodity Trading, i.e Operational Risks, Counterparty Risks, Credit Risks, Liquidity Risks, Compliance Risks, Market Risks, IT Risks. Case studies, correlation with freight markets.</p>
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Teaching Methodology:	<p>Learning Management System (LMS) and Moodle platform is used for the communication with the students. All required and additional readings (e.g., books, articles, websites, newsletters, open educational resources, case studies, power point presentations, etc.) in combination with lecture notes are uploaded on the LMS.</p> <p>For the everyday communication with the students, videoconferencing via zoom platform is applied.</p> <p>The students are encouraged to communicate with their peers and their instructor, in order to take advantage of all available tools for the development of this course. Students are expected to participate to dynamic online interaction activities, via synchronous and asynchronous activities. Students are asked to participate, wherever appropriate, in class presentations and activities employing various tools such as discussion forums, and presentations, in order to interact, communicate and collaborate with other students and their instructor.</p> <p>The students are also expected to use various discussion and collaboration tools to coordinate and accomplish group work (e.g. essays, lesson plans, research reports, articles critique).</p> <p>The teaching consists of lectures that we will introduce participants to the key concepts of the course in regards to contemporary issues of educational technology integration within educational administration and learning practices. Subsequently, the course is organized through group discussions and presentations regarding the concepts under investigation. Additionally, data bases and market examples through articles and case studies are presented and discussed through dynamic interactive lecturing.</p> <p>The students are expected to study, understand the use and employ various tools and applications related to the course issues examined; design and develop lesson plans and educational material and present them in class. The students are also expected to study, present and critically discuss academic articles regarding the concepts of the course.</p>
Bibliography	<p>(a) <u>Textbooks:</u></p> <ul style="list-style-type: none">• Helyette Geman, <i>Commodities and Commodity Derivatives - Modeling and Pricing for Agriculturals, Metals and Energy</i>, John Willey & Sons Inc., 2005• Instructor's Notes and Presentations

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	<p><u>b) References:</u></p> <ul style="list-style-type: none"> • A. Alizadeh, N. Nomikos, Shipping Derivatives and Risk Management, Palgrave Macmillan, 2009 • Manolis G. Kavussanos, Dimitris A. Tsouknidis, Ilias D. Visvikis, Freight Derivatives and Risk Management in Shipping, Routledge, 2021 • Ma, Shuo Economics of Maritime Business, Routledge Maritime Masters, 2020 • Karakitsos, E., Maritime Economics: A Macroeconomic Approach, Palgrave Macmillan, 2014 • Breskin, Ira, The Business of Shipping, Cornell Maritime Press, 2018 • Stopford, M. Maritime governance: piloting maritime transport through the stormy seas of climate change. Marit Econ Logist 24, 686–698 (2022). https://doi.org/10.1057/s41278-022-00227-9 • Chondrokouki, M.I., Tsekrekos, A.E. Freight rate volatility and flag-switching decisions. Marit Econ Logist 24, 395–414 (2022). https://doi.org/10.1057/s41278-021-00206-6 <p><u>c) Journals:</u></p> <ul style="list-style-type: none"> • Maritime Journal • International Journal of Shipping and Transport Logistics • Journal of Shipping and Trade <p><u>d) Databases:</u></p> <ul style="list-style-type: none"> • Clarksons database (Shipping Intelligence Network) • Bloomberg references to Listed Shipping stocks
<p>Assessment:</p>	<ul style="list-style-type: none"> • Mid Term Exam 20% (week 5) • An individual Assignment and presentation in class 20% (week 9) • Final written examination 60% (examination period by the end of the completion of the course)
<p>Language:</p>	<p>English</p>