



Course and Examination Fact Sheet: Autumn Semester 2017

9,198: Europe Compact - Commodities

ECTS credits: 4

Overview examination/s

(binding regulations see below)

Decentral - Written examination (100%, 90 mins.)

Attached courses

Timetable -- Language -- Lecturer

[9,198,1.00 Europe Compact - Commodities](#) -- Englisch -- [Brommundt Bernd Michael](#), [Adams Zeno](#)

Course information

Course prerequisites

Some knowledge of derivatives markets (futures, forwards, options) is helpful but not required.

The course is recommended for MBF-students in their first or third semester of the program.

Course content

This course is about commodity finance and economics. The course is taught by Zeno Adams, an academic, and Bernd Brommundt, a practitioner at BP in London. We can thereby offer students a balanced mix of the theoretically relevant and practically relevant aspects of commodity markets. The first 6 sessions will be held at the University of St.Gallen and will cover topics such as hedging and speculation, commodity pricing, and the impact of commodity index speculation on food and energy prices. The second half of the course will be held at the Imperial College in London during three days from October 31st to November 2nd. In the second part we will focus on practically relevant topics such as the structure of a crude oil options book, physical commodity trading, and the structuring of commodity contracts. In addition, there will be a visit to BP's oil trading floor.

Course structure

The first half of the course is held in 6 regular lectures of 90 minutes at the University of St.Gallen. The second half of the course is held in blocked form during 3 days from October 31st to November 2nd. There will be an excursion to the oil trading floor of BP.



Course literature

Hull, J.C. (2012), "Options, Futures, And Other Derivatives", 8th e., Pearson Education.

Geman, H. (2005), "Commodities and Commodity Derivatives – Modeling and Pricing for Agriculturals, Metals, and Energy", Wiley.

Clark, E., Lesourd, J.-B., and Thiéblemont, R. (2001), "International Commodity Trading: Physical and Derivative Markets", Wiley.

Sinclair, E. (2010), "Option Trading", Wiley.

Cheng, I.-H, and W. Xiong (2013), "The Financialization of Commodity Markets", Working Paper, Princeton University.

Erb, C.B., and C.R. Harvey (2013), "The Golden Dilemma", *Financial Analysts Journal*, 69(4), 10–42.

Additional course information

For additional information please contact zeno.adams@unisg.ch

Examination information

Examination sub part/s

1. Examination sub part (1/1)

Examination time and form

Decentral - Written examination (100%, 90 mins.)

Remark

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Examination-aid rule

Extended Closed Book

The use of aids is limited; any additional aids permitted are exhaustively listed under "Supplementary aids". Basically, the



following is applicable:

- At such examinations, all the pocket calculators of the Texas Instruments TI-30 series and mono- or bilingual dictionaries (no subject-specific dictionaries) without hand-written notes are admissible. Any other pocket calculator models and any electronic dictionaries are inadmissible.
- In addition, any type of communication, as well as any electronic devices that can be programmed and are capable of communication such as notebooks, tablets, PDAs, mobile telephones and others, are inadmissible.
- Students are themselves responsible for the procurement of examination aids.

Supplementary aids

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Examination languages

Question language: English

Answer language: English

Examination content

The examination will be based on the material that is discussed during the lectures and some additional literature that expands on some of the topics:

Commodity hedging and speculation

Basis risk

Hedging pressure theory

The theory of storage

Risk premium and the convenience yield

The characteristics of gold

Crude oil markets

Cross hedging

The financialization of commodity markets

Index speculation and the impact on food prices

Commodity Option Theory

Applied Option Pricing

Option Book Management

Real Options

Structuring Commodity Contracts

Examination relevant literature



The additional literature for this course is mentioned at the end of the lecture slides. For each 90 minutes session students are expected to read one research paper or one book chapter.

Please note

We would like to point out to you that this fact sheet has absolute priority over other information such as StudyNet, faculty members' personal databases, information provided in lectures, etc.

When will the fact sheets become binding?

- Information about courses and examination time (central/decentral and grading form): from the start of the bidding process on 24 August 2017
- Information about decentral examinations (examination-aid rule, examination content, examination relevant literature): after the 4th semester week on 16 October 2017
- Information about central examinations (examination-aid rule, examination content, examination relevant literature): from the start of the enrolment period for the examinations on 06 November 2017

Please look at the fact sheet once more after these deadlines have expired.