



Course and Examination Fact Sheet: Autumn Semester 2020

9,198: Europe Compact - Commodities

ECTS credits: 4

Overview examination/s

(binding regulations see below)

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

Examination time: term time

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.

Learning objectives

The aim of this course is to show how commodities are traded, both in physical form and as derivatives. Students will understand how commodities differ from other assets such as stocks and bonds.

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. Note that this year, the second half of the course will not be in London but will also be in St.Gallen in a blocked format during three days most likely from November 2nd to November 4th. 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.

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 during the semester break. Note that this year we will teach in a blended format that includes teaching in class but also live streams over Zoom. In person attendance is assigned on a first come, first served basis (Doodle form follows).

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

In the case of the President's Board having to implement new directives due to the SARS-CoV-2 pandemic in AS2020, the course information listed above will be changed as follows:

- **The course is conducted entirely online via Zoom.**
- **The lecturer informs about the change.**
- **The recordings of the course will not be saved.**

There are no changes with respect to the examination.

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.)

Examination time: term time

Remark

Online exam on Campus or at home

Examination-aid rule

Examinations with electronic aids - on campus or online

For examinations with electronic aids, students may be asked to install a predefined software on their own computer. The procurement and financing of the necessary technical aids, hardware and software as well as ensuring their functionality is the responsibility of the students, unless they are explicitly provided by the University.

If the examination is conducted with the candidates' own laptop or computer, the private device must meet the following requirements:

- Operating system: Windows or macOS
- Software: Microsoft Excel (minimum: Office 2016 or Microsoft Office 365) and current internet browser;
- All necessary updates for the controlled functioning of the operating system and the required software must be installed;
- HSG login: The HSG account must be functional and the access data must be known;
- Network and power: The device must be WLAN capable and have a stable internet connection. For examinations written outside the University premises, a stable internet connection with a sufficiently high transmission rate as well as the availability of a power supply must be ensured at the user's own responsibility;
- Battery life: Operation must be guaranteed during the entire examination period. The device must have a battery life of at least 90 minutes. It is recommended to carry a working power supply;
- Video and audio capability: For examinations which are not held on University premises, the equipment must have a functioning webcam and a functioning, correctly adjusted microphone.

Participants are responsible for ensuring that their equipment is working properly and allows the partaking in the examination. Any deficiencies in the personal infrastructure are the responsibility of the students. Any deficiencies due to the students' own technology or a lack of an uninterrupted internet connection will not be recognized as procedural errors in the execution of the



examination.

The examination is to be taken exclusively by the candidate and only with the help of the permitted aids. The use of additional software, in particular of another internet browser or communication software, is strictly forbidden during the entire examination. Any use of software other than the specified software requires the express prior written permission of the examination administration.

When using a LockDown browser, all applications (internet browser, Office, file explorer, etc.) are blocked and the documents on the computer are therefore not accessible. Any other aids and documents permitted in this leaflet must therefore be printed and/or physically available.

In the case of examinations with electronic aids on the premises of the University, the following shall apply in particular

- After the corresponding request of the examination administration, all connections of the device with networks or other devices (mobile network, WLAN, Bluetooth, etc.) must be disconnected.

For online examinations that do not take place on the University campus, the following applies in particular:

- The identity of the examinee will be verified via webcam before the examination begins. Photographs can be taken. The HSGcard or identity card must be kept ready for this purpose.
- Any unannounced unauthorized removal from the recording area of the webcam may be punished as a culpable violation of the examination conditions.
- Oral examinations may be recorded. The recording may be used for evaluation purposes and documents the examination in the event of appeal and/or disciplinary proceedings. The recordings shall be deleted after the appeal period or any proceedings have expired.
- The use of a headset is only permitted during an oral examination.

Supplementary aids

None

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 Options
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

Please note that only this fact sheet and the examination schedule published at the time of bidding are binding and takes precedence over other information, such as information on StudyNet (Canvas), on lecturers' websites and information in lectures etc.

Any references and links to third-party content within the fact sheet are only of a supplementary, informative nature and lie outside the area of responsibility of the University of St.Gallen.

Documents and materials are only relevant for central examinations if they are available by the end of the lecture period (CW51) at the latest. In the case of centrally organised mid-term examinations, the documents and materials up to CW 42 are relevant for testing.

Binding nature of the fact sheets:

- Course information as well as examination date (organised centrally/decentrally) and form of examination: from bidding start in CW 34 (Thursday, 20 August 2020);
- Examination information (regulations on aids, examination contents, examination literature) for decentralised examinations: in CW 42 (Monday, 12 October 2020);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised mid-term examinations: in CW 42 (Monday, 12 October 2020);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised examinations: two weeks before the end of the registration period in CW 44 (Thursday, 29 October 2020).