

INTRODUCTION TO OIL TRADING & PRICE RISK MANAGEMENT



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TRAINING CENTER



Introduction

Introduction to Oil Trading & Price Risk Management Training Course builds a working grounding in how physical and paper oil trading operates and how price risk is controlled. Participants work through oil market fundamentals and trading structures, physical trading, contracts, and logistics, price risk, exposure, and hedging with derivatives, trading controls, limits, and governance, and pricing, valuation, and trade reporting as one connected discipline. The programme links the commercial opportunity a trade carries with the risk discipline that keeps it inside limits. As a result, learners gain a practical command of oil trading and price risk management. Furthermore, the course strengthens trading judgement, hedging literacy, and control discipline.

Introduction to Oil Trading & Price Risk Management Course Objectives

- Explain oil market fundamentals, benchmarks, and market participants.
- Apply crude and product pricing mechanisms and formula pricing.
- Apply physical trading structures: spot, term, and cargo deals.
- Apply Incoterms, laytime, demurrage, and shipping basics.
- Apply price exposure identification and position measurement.
- Apply derivative instruments: futures, forwards, swaps, and options.
- Apply hedging strategies and hedge effectiveness basics.
- Apply price risk limits, mandates, and trading governance.
- Apply trade controls, counterparty limits, and credit risk basics.
- Apply mark-to-market valuation, P&L reporting, and risk reporting.

Course Methodology

- Interactive sessions built on oil trading and hedging cases.

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- Workshops on pricing formulas, exposure mapping, and hedge design.
- Group exercises on limit setting, valuation, and trade review.
- Hands-on practice with exposure reports, position sheets, and P&L.
- Simulation of a trading desk risk review and a hedge decision.
- Facilitator coaching and peer review on personal trading risk plans.

Who Should Take This Course

- Oil trading and supply professionals.
- Risk analysts and risk control officers.
- Treasury and finance professionals in energy.
- Operations and logistics coordinators in oil supply.
- Compliance and internal audit staff covering trading.
- Professionals new to oil trading and price risk.

Introduction to Oil Trading & Price Risk Management Course Outlines

Day 1: Oil Market Fundamentals and Structure

- Crude grades, products, and quality specifications.
- Benchmark crudes: Brent, WTI, and Dubai pricing roles.
- Market participants: producers, refiners, traders, and funds.
- Supply, demand, and inventory drivers of price.
- Physical versus paper markets and their interaction.
- Contract types: spot, term, and long-term supply.
- Case discussion: a cargo priced against the wrong benchmark.





Day 2: Pricing, Contracts, and Logistics

- Pricing mechanisms and formula pricing (benchmark plus differential).
- Price assessment and reporting agency basics.
- Incoterms and delivery terms in oil trades.
- Shipping, chartering, laytime, and demurrage basics.
- Quality, quantity, and inspection clauses.
- Payment terms, letters of credit, and trade documentation.
- Workshop: building a cargo pricing and delivery structure.

Day 3: Price Exposure and Hedging Instruments

- Identifying price exposure: time, location, and quality basis.
- Position measurement and exposure reporting.
- Futures contracts, exchanges, and margin mechanics.
- Forwards, swaps, and over-the-counter instruments.
- Options basics: calls, puts, and premium structures.
- Hedge design and hedge effectiveness fundamentals.
- Exercise: designing a hedge for a physical exposure.

Day 4: Trading Controls, Limits, and Governance

- Trading mandates, delegations, and authority limits.
- Position, stop-loss, and value-at-risk limit setting.
- Segregation of duties between dealing, confirmation, and settlement.
- Counterparty limits and credit risk basics.
- Trade capture, confirmation, and reconciliation controls.

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- Market conduct, benchmark regulation, and insider dealing rules.
- Simulation: reviewing a trade against limits and controls.

Day 5: Valuation, P&L, and Risk Reporting

- Mark-to-market valuation and curve construction basics.
- P&L reporting, position reporting, and trade attribution.
- Risk dashboards and daily risk reporting practice.
- Key risk indicators for trading portfolios.
- Breach handling, escalation, and remediation.
- Trading risk governance and maturity improvement.
- Capstone: presenting a price risk management framework.

Conclusion

By successfully completing Introduction to Oil Trading & Price Risk Management, participants will gain a practical command of oil market fundamentals and pricing, physical trading and logistics, price exposure and hedging with futures, swaps and options, trading controls, limits and governance, and mark-to-market valuation, P&L and risk reporting. They will acquire skills in oil pricing and trade structuring, price exposure and hedging design, trading limit and control design, and trade valuation, P&L, and risk reporting that hold up under scrutiny. Gentex Training Center designs the programme to help professionals trade and hedge with confidence.

FAQs for the Introduction to Oil Trading & Price Risk Management course





Q1 What is the "Introduction to Oil Trading & Price Risk Management" course about?

It builds a working grounding in how physical and paper oil trading operates and how price risk is controlled. The course spans oil market fundamentals and structure, pricing, contracts and logistics, price exposure and hedging instruments, trading controls, limits and governance, and valuation, P&L and risk reporting.

Q2 What are the key benefits of the "Introduction to Oil Trading & Price Risk Management" course?

You gain a practical command of oil trading and price risk management that links the commercial opportunity a trade carries with the risk discipline that keeps it inside limits. The course improves pricing and contract structuring, strengthens exposure measurement and hedge design, sharpens limit setting and dealing controls, and builds valuation, P&L, and risk reporting practice.

Q3 What skills will I gain from the "Introduction to Oil Trading & Price Risk Management" course?

You will develop four core skills: oil pricing and trade structuring, price exposure and hedging design, trading limit and control design, and trade valuation, P&L, and risk reporting.



Q4 What tools, methods, or standards are covered in the "Introduction to Oil Trading & Price Risk Management" course?

The course covers crude grades, products and quality specifications, benchmark crudes including Brent, WTI and Dubai, market participants across producers, refiners, traders and funds, supply, demand and inventory price drivers, physical versus paper markets, spot, term and long-term supply contracts, pricing mechanisms and formula pricing with benchmark plus differential, price assessment and reporting agencies, Incoterms and delivery terms, shipping, chartering, laytime and demurrage, quality, quantity and inspection clauses, payment terms, letters of credit and trade documentation, price exposure across time, location and quality basis, position measurement and exposure reporting, futures contracts, exchanges and margin mechanics, forwards, swaps and over-the-counter instruments, options with calls, puts and premium structures, hedge design and hedge effectiveness, trading mandates, delegations and authority limits, position, stop-loss and value-at-risk limits, segregation of duties between dealing, confirmation and settlement, counterparty limits and credit risk, trade capture, confirmation and reconciliation controls, market conduct, benchmark regulation and insider dealing rules, mark-to-market valuation and curve construction, P&L reporting, position reporting and trade attribution, risk dashboards and daily risk reporting, key risk indicators for trading portfolios, breach handling, escalation and remediation, and trading risk governance and maturity improvement.



Q5 How is the "Introduction to Oil Trading & Price Risk Management" course applied in real-world practice?

Participants apply it to real work such as building a cargo pricing and delivery structure, mapping exposure across a trading book, designing a hedge for a physical exposure, reviewing a trade against position and stop-loss limits, checking segregation of duties between dealing and settlement, preparing a mark-to-market P&L and exposure report, handling a limit breach, and presenting a price risk management framework. The same methods support daily risk reporting and trading governance review.