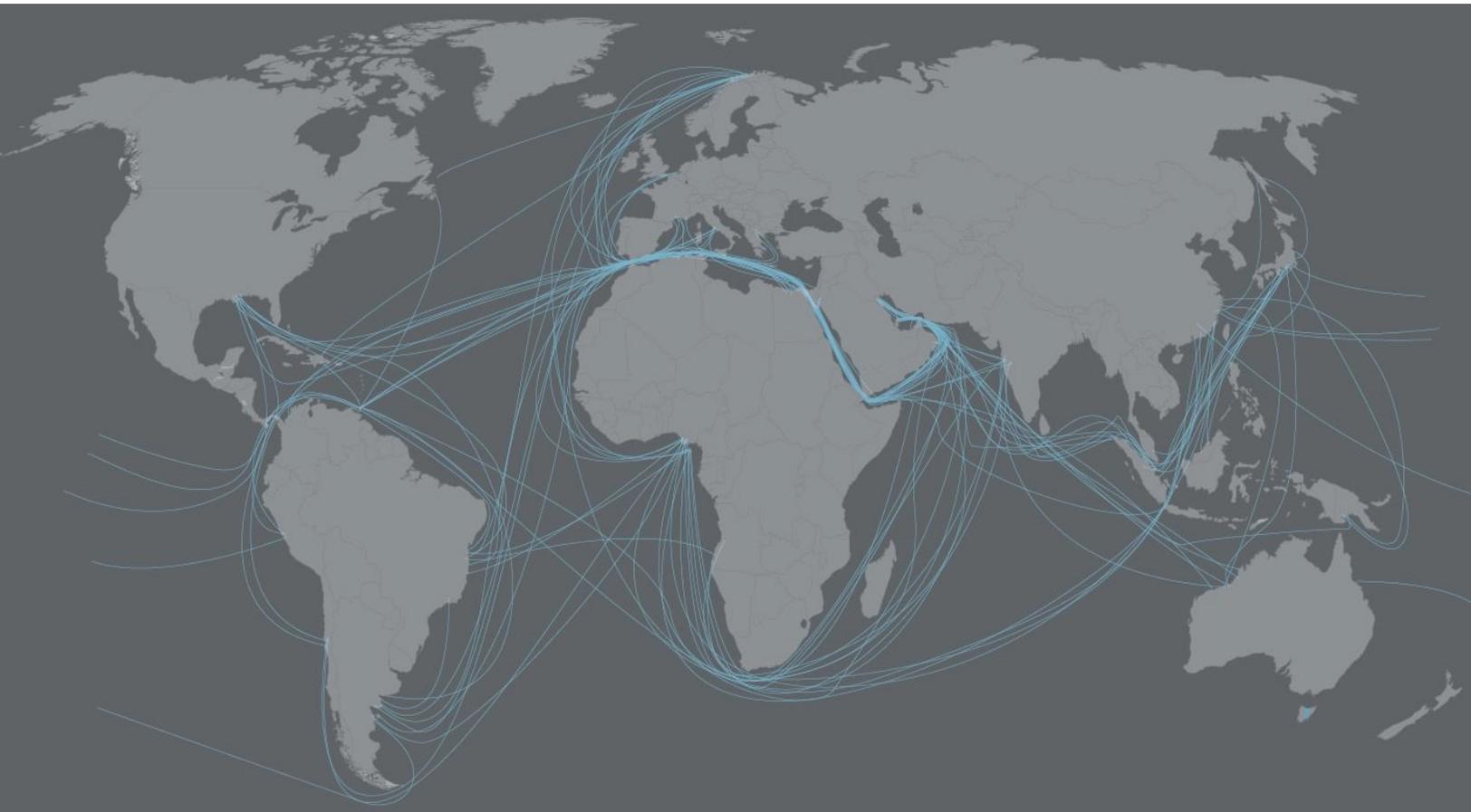


# LNG Trading

## From Strategy to Practice

11-13 June 2019, Singapore



A THREE-DAY, INTENSIVE COURSE IN LNG TRADING



# From big picture to hands-on experience, with plenty in between

## About the Course

Trading is one of the most dynamic areas of the fast-growing LNG industry. Spot and short-term LNG transactions registered an impressive 12% per annum growth from 2010 to 2018, enabling the industry to adapt to demand and price fluctuations. Short-term and spot volumes reached 99 million tonnes per annum, or 32% of the global LNG market in 2018. Growth in LNG trading will continue as new supply from the US Gulf Coast comes on stream, much of which does not have a designated long-term market and virtually all of which is destination flexible.

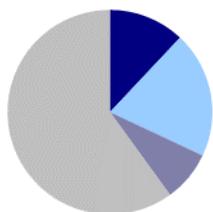
Trading is also one of the most demanding areas of the LNG industry. It requires knowledge of suppliers, prices and markets, shipping, port and terminal constraints, traditional and unique hedging instruments, and various specialized contracts. Trading dynamics are global in scope. LNG infrastructure is unique and LNG is very costly to ship and to store. Parcel sizes are usually whole shiploads, making LNG trading a high stakes business.

Successful LNG trading requires both breadth and detail, strong preparation but also decisions under tight deadlines for opportunities that may soon disappear. While increasing amounts of information are reported, the market is as changeable as the weather. The changes are sometimes dramatic, such as the 2011 Fukushima disaster triggering a spike in LNG demand or the current market oversupply causing an Asian spot price slump. There is a compelling need to manage and control risks, while still return a profit. Competition is strong and growing.

Delivering a course that succeeds in helping attendees meet the challenges of LNG trading is also demanding. *LNG Trading From Strategy to Practice* provides an outstanding solution through the combined efforts of TwoTwoFive, the world leader in training courses for energy commodities traders, and Poten & Partners, the world's leader in LNG consulting, brokerage and business intelligence services.

The course is held in Singapore, the worldwide hub of LNG trading where more than 50 traders have now set up shop.

## Breakdown of Course Content



- Case studies
- Simulations
- Exercises
- Lectures

## Course Objectives

- Provide a conceptual framework to understand LNG trading and to participate effectively in developing an LNG trading business
- Provide practical tips, tools and tactics to devise and execute sound LNG trading strategies
- Build an understanding of the commercial, operational and logistical aspects of LNG trading, how they interact, and how successful traders manage that interaction
- Help attendees bridge between the course materials and their specific jobs and business requirements, with immediate payoff to their careers and sponsoring organizations
- Give attendees direct, in-depth exposure to leading experts who have worked in a variety of roles across the extended LNG value chain
- Provide hands-on exposure and real-life experience through case studies, exercises, and TwoTwoFive's unique computer-based LNG simulations

## Who Should Attend

- New or recent LNG traders
- Staff with responsibility to establish or consolidate recently established LNG trading businesses
- Gas buyers seeking to optimize their supply position and manage seasonal demand variations
- Staff from well-established trading entities but do not have a strong background in LNG trading
- Line managers who are seeking to better integrate LNG trading into their business units, or who are considering setting up an LNG trading business
- Support professionals, including from professional service firms, who are seeking to better understand LNG trading
- Government officials involved in oversight of companies that trade LNG
- Shipping companies and terminal operators that need to understand the short-term business

Our course is specifically designed to cover the unique areas of LNG trading. It will cover aspects of natural gas trading in general, but the focus will be LNG and a natural gas trader from Europe or North America will find the course valuable in providing the LNG orientation they need.

**Due to the intensive nature of the course, we recommend that only attendees with a strong drive to learn about LNG trading register.**

## LEADING FIRMS WORKING TOGETHER TO DELIVER AN UNRIVALLED TRAINING EXPERIENCE

### *LNG Trading from Strategy to Practice* is taught by TwoTwoFive and Poten & Partners

**TwoTwoFive** is a global consultant and training organization which is dedicated to providing pioneering, bespoke and next generation training solutions. It brings a unique and cutting-edge combination of experience, technology and science to training, selection, development and assessment in the commodity trading training space. Brought to you by professional practitioners in the energy trading space with multi-year careers at all levels in a major global energy trader.

These fundamental core pillars of Experience, Technology and Science when combined into one training program differentiate our programs from the other industry offers.

**Poten & Partners** is a leading provider of advisory and brokerage services to the energy and ocean transportation industries. Our involvement in the LNG industry includes consulting, ship and commodity brokerage, financing, project development, and business intelligence. In particular, we are:

- The world's oldest and largest group of LNG consulting specialists, with expertise in markets and pricing, supply and procurement, shipping, and technical facets along the value chain
- A leading broker of LNG carriers at all charter lengths, with services including outsourcing of vessel procurement and vessel finance transactions such as sale/leaseback
- A leader in technical due diligence for lenders to LNG supply ventures and import terminals
- A key source of information to industry players, through our flagship *LNG in World Markets* and other subscriber reports



# In-depth coursework...

## Course contents (1 of 2)

DAY 1

### The Context: Why Trade?

- Dynamic global Natural Gas and LNG market
- Industry unbundling and growth of liquidity
- Increasing number of import terminals
- Growth and diversity of LNG fleet
- Diverse world gas price indices
- Portfolio players, traders, end users
- Margin gains from shipping and price arbitrage
- Roles and functions in the broader LNG trading team

### Mechanics of Trading

- How is trade facilitated
- Trading terminology
- Market structure

### LNG Trading in Asia

- Asian gas market overview
- How LNG is traded in Asia
- Major prices indices and key drivers
- The future development of the Asian gas market

### LNG Trading in the Atlantic Basin

- European gas market overview
- Major price indices
- How gas is traded in Europe
- North America gas market overview
- How gas is traded in North America

### Case Study: Panama Canal

### Trading Gas Prices - Flat price Simulation

- Introduction to the IGNITE simulation model
- Interpret news items and form market view on flat price
- Execute futures trades to go long or short gas flat price
- Manage trades within limits and generate P&L

DAY 1

### LNG Trading Opportunities I

- Arbitrage
- Fixed vs Floating price
- Tenders
- LNG Swaps

### LNG Trading Opportunities II

- Reloads
- Sleeving
- Floating storage
- Real option trading: the NW Europe backstop

### Case Study: Reloads

DAY 2

### LNG Negotiation Simulation

- Portfolio of short and long positions
- Negotiate with other teams to cover portfolio exposure
- Calculation of potential freight
- Ensure executed cargoes are matched appropriately

### How to Plan an Optimal LNG Supply Portfolio

- Development of LNG Master Sales Agreements
- Contract optionality
- LNG liquefaction tolling
- Short term LNG supply and demand tenders
- Spot cargo trading
- Managing LNG/gas quality issues

### Optimisation of LNG Storage and Shipping

- Terminal use agreements
- LNG loading constraints and procedures
- Loading and unloading window and penalties
- Role of storage and shipping
- Summary of shipping costs
- The long-term LNG ship charter market
- The spot and short-term ship charter market
- LNG boil-off, cool down issues and LNG heel
- Voyage optimisation
- Swaps and a shipping optimisation tool



# ... lectures, cases, exercises and computer simulations...

## Course contents (2 of 2)

DAY 2

### Exercise: Shipping

- Calculate cost of chartering for a WAF to Japan voyage

### Practicalities and Procedures of LNG Trading

- Term sheet structure and key features
- Key features of LNG SPA's and MSA's
- Credit requirements
- LNG charter parties
- Parcel sizes and safe loading ranges for ship tanks
- Ship vetting and terminal clearance process
- Ship compatibility with the terminal
- Cargo inspection and custody transfer

### Risk Management

- Major risks such as basis risks
- Reliability, liquidity and transparency of LNG price indexes
- Title transfer and taxation issues
- Changing appetites for credit and other risks
- Risk management tools - futures, swaps, letters of credit

### Pricing Risk Management and forward curves

- Constructing an LNG forward curve
- Managing the risk within an LNG portfolio
- Optimising risk vs reward

DAY 3

### Managing LNG Complexities

- S- Curves (types and peculiarities)
- Brent (3;0;1) or (3;2;1) or other formulas for pricing
- Different types of paper instruments
- Paper hedging techniques
- Hedging S-curve structures in LNG contracts

DAY 3

### Hedging Simulation

- Determine price exposure of given portfolio
- Hedge position to lock in profit
- Review exposure change as new deals are executed
- Unwind hedges as cargoes price in and out on daily basis

### Advanced Trading and Pricing Strategies

- Portfolio effect
- Optionality at terminals
- Contract optionality
- Floating Storage
- Diversions

### Case Study: Trading at Tanguh

### Back Room & Corner Office

- Integrating trading into the broader organization
- Policies, processes, tools
- Oversight & key metrics

### Asian and Middle East Physical Simulation

- Identify price dislocation and arbitrage opportunities
- Trading LNG cargo differentials and arbitrage
- Buy and sell FOB and DES cargoes
- Manage price risk

### Current Key Issues and Opportunities

- Asian market reform
- LNG hubs
- Paper trading
- Development of LNG price indices
- The long buyers' market
- Aggregators vs. traders

### Upside Sharing Exercise

- Calculate the commercial value of two options
- Determine whether to choose the upside sharing option

## Course fee: US\$4,000

The fee includes refreshments, lunches and a special participants' evening meal hosted by the course instructors. Course enrolment will be limited to a maximum of 20 persons. This is due to the highly interactive nature of the training.



...taught by industry experts

TwoTwoFive

### About the Instructors



**Garry Swaine**  
Asia Director  
TwoTwoFive



**Daryl Houghton**  
Senior Advisor  
Poten



**Rolv Stokkmo**  
Shipping Broker  
Poten

#### **Garry Swaine**

Garry, TwoTwoFive's Asian Director, has extensive experience in energy trading and supply chain optimisation. Previously he was Head of Learning and Development and Head of Crude Trading for BP's Singapore trading business. He is based in Melbourne.

#### **Daryl Houghton**

Daryl is an LNG advisor in Poten's consulting group. Has spent most of the last 35 years working in the gas and LNG industry undertaking project management, business development and marketing roles in Woodside and ExxonMobil working on Australian LNG projects, including the North West Shelf, Gorgon and Sunrise.

#### **Rolv Stokkmo**

Rolv is a senior LNG Shipping and Product Broker with more than 35 years of experience in international gas shipping and commodity trading. His experience includes trading and commercial roles at Caltex and Chevron. He is a Sea Captain.

A course certificate will be presented on completion.

**For additional information or to sign up  
for this course, please contact:**

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