



Energy Management Institute Presents

Energy Trading Fundamentals



Develop a solid foundation in energy trading as you examine all of the instruments, tools & techniques available to the energy trader today.

Course Date & Location

When: March 8-9, 2010

Where: Houston Galleria Area
Norris Conference Center -
Houston/City Centre
803 Town and Country Lane
Houston, Texas 77024
713.590.0950
Recommended Hotels on p.2

What You Will Learn

Taught by leading energy experts, this in-depth course is filled with tips, techniques and insight that only 30 years of energy trading experience can bring.

In two dynamic, information-packed days, you'll **develop a solid foundation in energy trading as you examine all of the instruments, tools and techniques available to the energy trader today.** You'll explore the nuances and quirks specific to the energy markets, understand the risks and rewards across sectors and develop a macro view designed to improve your timing and help you develop a successful trading program! **Topics covered during this course include:**

- ▣ The basics and fundamentals of energy trading.
- ▣ The vocabulary of trading.
- ▣ The what, why, how & who of trading.
- ▣ Energy market structure.
- ▣ Market participants.
- ▣ The intertwined relationship of fundamentals and futures.
- ▣ Technical & fundamental analysis; how and when to combine the two.
- ▣ Market behavior.
- ▣ System development & testing.
- ▣ All about NYMEX.
- ▣ Real time trading examples for all products in the energy infrastructure using the various technical tools & techniques.
- ▣ What the various energy trading instruments, tools & techniques are and what is encompassed in the profession of energy trading.
- ▣ How all of the tools & techniques work.
- ▣ How these tools can be applied to the development of a successful trading program.

Who Should Attend

This course is applicable to all levels of the energy infrastructure: oil, natural gas, electricity & coal. Individuals in every functional area of responsibility in all energy industries whose decisions have significant financial impact will benefit from this program. Managers from areas such as marketing, sales, manufacturing, engineering, supply & distribution, trading risk management, purchasing & financial & accounting will find the course highly beneficial.

Program Registration Fees

1 st delegate:	\$1,895
2 nd delegate:	\$1,595
3 rd delegate:	\$1,395

Fee includes full two-day course, expert instruction, course materials, continental breakfast & lunch.

CPE Credits



This course earns 12 CPE credits. EMI awards credit hours towards CPE and Certified Purchasing Manager status (CPM).



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Course Syllabus

Day One (8:00 a.m. - 4:00 p.m.)

▣ Session 1: The Basics

Let's set the stage by reviewing the basics of Energy Trading—Markets, players, tools and techniques. Is it a good business? We'll look at the history of energy trading starting with the pre-futures market days to today's world. Significant differences...significant opportunities.

▣ Session 2: Energy Market Structure

We'll discuss the three main energy sectors: oil, nat gas & electricity. As we try to understand the risk and reward for trading in each sector, we'll look at and discuss why each of these sectors is at different levels of commoditization and the types of trading that occurs in each area. Which players dominate which sector and why? Which sector has the most profitable trading opportunities? How does the international market play into the three US sectors? Why should you select one trading sector over the other?

▣ Session 3: Energy Market Nuances

After this session, you'll understand the nuances and quirks specific to the energy market and how they impact price movement and volatility, and, most importantly, your trading bottom line. Topics discussed will include: inventory reports, weather forecasts, hurricanes, maintenance schedules to name a few.

▣ Session 4: Technical Analysis Versus Fundamental Analysis

The journey will start with a historical overview of choosing whether to use fundamental or technical analysis to improve your skills. But why choose when each is a compliment to the other? We'll explore the concept of Techno-fundamental analysis as we discuss the details of each method, when and how use each, and when to combine both approaches. This is just the beginning on a macro approach to improve your timing in energy markets.

▣ Session 5: Fundamental Trading & Arbitrage

Are market fundamentals leading the futures market or are futures leading the fundamentals? Yes to both. This session will discuss how fundamentals & futures are intertwined with each other. We'll examine various futures/physical trades & positions from both a trading & risk management perspective. Areas we'll delve into include: storage trades, retail gasoline margin hedging, nat gas basis trading, EFP's, ADP's, EFS's. Trading and hedging opportunities explored will include: New York and London—a classical arbitrage trade, WTI versus Brent, Heating Oil versus Gasoil, Heating Oil versus Natural Gas, cracks, and sparks. What do the arbs tell us? How and why does one enter and exit futures arbs? What is the upside & downside? Is there such a thing as a perfect, riskless futures arb trade? We will explore the answers to these questions and more as we maximize the use of the opportunities the futures market gives us.

▣ Session 6: Behavior Of The Market & Participants – Philosophy & Psychology

Before moving into other technical tools & techniques lets pause to get a better understanding of market behavior. Follow the trend, contrarian theory, interpreting the news, waves, and fear & greed are just a few of the things that make traders react. We'll discuss the philosophy & psychology of the trader and point out some no-nonsense rules that should be a part of everyone's trading repertoire to successfully compete in this fast-moving and highly volatile energy market.

▣ Session 7: Money Management

We all know the three most important things about the real estate market are location...location...location. Well the three most important things about trading are money management...money management...money management, topped with discipline. We will end the first day with a litany of the rules and approaches that work when trading any commodity in any market. The key to successful trading is longevity. One needs to be in to win it.

Recommended Hotels (Within Walking Distance)

1. Hotel Sorella - Attached by skybridge

800 West Sam Houston Parkway, Houston, TX 77024
PH 713.973.1600 www.hotelsorella-citycentre.com

2. 4 Points Sheraton (0.7 miles)

10655 Katy Freeway, Houston, TX 77024
PH 866.716.8133 www.FourPoints.com/MemorialCity



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Course Syllabus

Day Two (8:00 a.m. - 4:00 p.m.)

▣ **Session 1: The Two Worlds Of Technical Analysis**

Technical Analysis covers many tools and techniques, each with its own characteristics, success rate and applicability to various market movements. This session will break the field of TA into three main categories... price charting & charting techniques, mechanical indicators, and advanced techniques. In addition to introducing each category, this session will also introduce the concept of putting various indicators together to create the system for trading various energy markets.

▣ **Session 2: A Few Approaches That Work For Energy**

This session will continue where the previous session left off and discuss some of the major techniques that work well for the various energy markets. Some trading tools & techniques work better than others for the various energy markets. We'll look at each one by one using real energy examples showing success & failures. We will explore the various time frames normally traded...day trading, overnight trading medium to long term trading.

▣ **Session 3: Time To Create Some Trading Systems**

Is it possible to improve your results by combining indicators/techniques? The answer is yes—in a carefully & objectively designed and tested system. Several excellent software programs exist on the market that allow the user to develop and back-test any combination of classical indicators and indicators currently used in the market as well as allowing the user to develop their own market indicators. This session will look at a few basic systems and discuss how they performed in various energy markets.

▣ **Session 4: Overview of Technical Analysis**

Technical Analysis covers a broad array of topics, tools, techniques & systems for trading & hedging. This session will provide you with an overview of the entire topic. This session sets the stage and presents an historical perspective of this relatively young profession focusing on the history of charting, evolution of technical analysis, overview of all of the major tools & techniques and an understanding of the basic patterns.

▣ **Session 5: TechnoFundamentalist**

- The concept of combining the why & when of the market.
- Do the Fundamentalist and Technical approaches contradict each other or can they be used synergistically?
- This session will use them synergistically in analyzing the main energy markets. Past & current data will be used to demonstrate the approach.

▣ **Session 6: Understanding Options and How they fit**

This session provides attendees with a comprehensive overview of options and how they are used by traders. It examines both Put & Call options as well as Contract specifications for NYMEX energy options. Next we look at basic option terminology and inputs for premium valuation. Finally we examine various option spread strategies that are employed by hedgers (including the costless collar, vertical debits spreads & ratio backspreads) as well as speculators (including straddles & strangles).

TRADING SIMULATION: Making money with real-time mechanical trading systems

In this real-time trading simulation attendees will analyze energy futures markets, develop a market opinion regarding which asset, trading system and time interval will outperform others over the following twenty-four hours of trading. In addition, attendees will learn about how other types of systems performed in real-time.



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About EMI Instructors



Learn From the Experts that Experts Trust

EMI experts are frequent editorial contributors to petroleum magazines & are trusted by today's leading news sources. Our experts have been featured in:

Futures Magazine • *The Wall Street Journal* • *USA Today* • *The New York Times* • *The Washington Post* • *Journal of Commerce* • CNN • NBC • CBS • ABC • Bloomberg • Reuters

EMI's leading industry experts have an average of over 30 years of knowledge and experience in:

**Energy • Commodity trading • Risk management
• Education • Consulting • Financial services**

Plus many years of managing marketing, international trading, manufacturing, consulting, start-up operations and project finance operations of well-known companies; integrated major oil companies as well as international trading companies.

EMI's industry experts have also provided risk and value management analysis, advice, information, and services to a variety of companies in the electric power industry. Clients have included power marketers, integrated utilities, retail power providers, hedge funds, and power plants.

Highlights of our instructors' experience include: • Developing a suite of models for a variety of power markets that quantify value and risk • Managing spark spread portfolios for hedge funds in the power markets • Operating in futures trading pits as a market observer in the power markets • Developing working papers for investigations and performing compliance audits in the power industry • Helping Texaco initiate its first use of futures exchanges as an integral part of hedging/trading strategy • Chief Operating Officer of Triwell Marketing and refining • Director of OPIS, Oil Price Information Service, a management-consulting and educational services group that solely focused on the downstream energy industry • Member of Board of Directors of Longview Refinery • Member of the New York Mercantile Exchange Petroleum Advisory Board • Expert witness for a hearing before the subcommittee on surface transportation for the Commerce, Science, and Transportation Committee of the US Senate • Supplied expert testimony to a US Senate sub-committee hearing on diesel petroleum product pricing • Supplied testimony to the Federal Highway Administration regarding fuel tax evasion • Expert witness in a MTBE litigation against the major oil companies • Publishers of *The Daily Hedger*, *BTU's Daily Gas Wire* and *BTU's Daily Power Report*, which advise thousands of petroleum professionals daily.

Our instructors are **frequent expert speakers for numerous petroleum industry events and trade associations including:** • DOE DESC World Energy Conference • OPIS Fleet Fueling • NYMEX • Fuel Management University • NATSO • ATA • AAA • Dairy Distribution • eyeforEnergy eCommerce • OPIS Supply Summit • CIOMA • American Society of Mechanical Engineers • American Society of Lubricating Engineers • Ambrust Aviation • NACHA.

Over the years EMI has developed a series of intensive courses covering all aspects of Energy from production all the way to managing the impact price and volatility on the margin of end-users, resellers, traders, marketers, shippers, retailers and refiners. Our instructors have had the privilege to instruct thousands of professionals representing all aspects of the energy industry, including every major oil company (i.e. Exxon Mobil, BP, Shell, Equilon, Motiva) major power utilities (i.e. Sempra, Edison Mission, Berkley, Toronto Hydro, Dominion, Conectiv) small marketers (i.e. Sprague, Getty, Southern Counties, Western Petroleum) trucking fleets from 50 to 10,000 (i.e. UPS, U.S. Postal Service, Yellow, Pepsi, Werner), gasoline-powered fleets hyper-markets (i.e. The Pantry, Wawa, BJs Wholesale) and many fortune 500 energy consumers.



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Reserve Your Seat Today!

Three easy ways to register:

1. Call PMA Conference Management at 201.871.0474 or send email to: register@pmaconference.com.
2. Complete & fax this form to 253.663.7224.
3. Complete & mail the form to: PMA Conference Management, POB 2303, Falls Church, VA 22042.

A Registration Fees: \$1,895 for full program This fee includes expert instruction, course materials & lunch.	Discount for Additional Attendees: 2 nd delegate \$1,595 3 rd delegate \$1,395
B Enrollment Information (please print clearly) NAME: _____ COMPANY: _____ ADDRESS: _____ _____ PHONE: _____ FAX: _____ E-MAIL: _____	
C PAYMENT METHOD <input type="checkbox"/> Please invoice my company (payment must be received prior to course date) <input type="checkbox"/> MasterCard <input type="checkbox"/> Visa <input type="checkbox"/> American Express Card Number _____ Expiration Date ____/____/____ Card Holder Name _____ Card Holder Signature _____	

REFUND/CANCELLATION POLICY:
 Attendees may reschedule for a different date or course with no penalty. 100% refundable with 14 days cancellation notice. 80% refundable with 5 days cancellation notice. Cancellations are non-refundable day of or after course.