



**FOR THE EFFECTIVE MANAGEMENT OF ALL
BUSINESS RISKS IN SHIPPING**

Freight Derivatives & Shipping Risk Management

2009

London 15-16 June

Singapore 29-30 June

London 20-21 October

Course Leaders

Dr. Amir Alizadeh and Dr Nikos Nomikos

Using derivatives for freight risk management

Hedging bunker risk

Dealing with ship price fluctuations

Managing credit, foreign exchange and interest rate risk

Measuring and comparing effectiveness of the instruments

Shipping markets are becoming increasingly risky as fluctuations in freight rates and ship prices have increased substantially in recent years. This calls for prudent control of freight rates, ship values, bunker price, credit, foreign exchange and interest rate risks, which are all part of the shipping investment and day to day operating activities.

The aim of this innovative Shipping Risk Management course is to raise market awareness of risks involved in shipping businesses and how various physical and derivatives instruments can be used to control such risks efficiently and effectively.

The module is delivered over two days by experts in the areas of shipping and commodity risk management. Using a variety of real life examples, the course demonstrates how risk can affect cash flows from operating activities along with an in-depth analysis of theoretical and practical aspects of risk management instruments in shipping.

By attending this course participants will learn how to analyse and measure the impact of financial risks involved in shipping investment and operations, and how to select and execute effective strategies to minimise or eliminate such risks, stabilise their cash flow and maximise the return on investment more efficiently.

Who should attend?

The scope of this course is wide and its applications can be useful not only to shipowners, ship-operators, shipmanagers and shipbrokers, but also to those involved in ship finance activities, bunker suppliers, researchers, consultants and shipping funds investors.

The Course Leaders

The course leaders, **Dr Amir Alizadeh** and **Dr Nikos Nomikos**, are both internationally recognised academics in the fields of shipping and commodity finance, and risk management. Their theoretical and applied research work has been published in leading academic and professional journals and they also provide consultancy services to the industry on different aspects of commodity and shipping risk management.

Course methodology and materials

The course will be presented through a mixture of lectures, presentations, group discussions, case studies and computer-based exercises. Full and comprehensive study notes will be provided which will offer a valuable source of reference during and after the course.



The Baltic Exchange

The Baltic Exchange is the world's only independent source of maritime market information for the trading and settlement of physical and derivative contracts. Its international community of over 500 members encompasses the majority of world shipping interests and commits to a code of business conduct overseen by the Baltic Exchange.



Navigate

This course is marketed and administered by Navigate.

The Navigate group specialises in providing marketing, corporate communications, media relations and training to the international maritime, ports and logistics industries. In addition, its conference division stages a range of maritime related events and meetings.

For more information visit www.navigatepr.com



Course Outline

- Characteristics of freight markets and markets for ships;
- Market segmentation and sectoral differences in shipping markets;
- Sources of risk in shipping finance and operations;
- Risk analysis and comparison of risks across different shipping sectors;
- Measuring and estimating Value at Risk (VaR) in shipping investment and operations;
- Introduction to derivative markets and pricing derivative instruments;
- Hedging ship price fluctuations using Forward Sale & Purchase Agreements;
- Using derivatives for freight risk management;
- Hedging bunker risk using bunker forward and swap contracts;
- Using derivatives for hedging financial risk (foreign exchange & interest rates);
- Credit risk measurement and management; use of credit derivatives.



The Programme

DAY 1

0845 – 0900 Registration

0900 - 1030 Introduction to Shipping Risk

- Types of shipping contracts
- Sources of risk in shipping
- Market segmentation and sectoral differences in the shipping industry
- Comparison of risk across different shipping markets

1030 – 1045 Coffee Break

1045 – 1215 A Primer on Risk Management

- Introduction to derivative instruments
- Forwards, Futures, Options and Swaps
- Differences between "Exchange-Traded" & "Over-the-Counter" instruments
- Credit Risk and Clearing

1215 – 1315 Lunch

1315 – 1500 Freight Rate Risk Management

- Freight market information
- The practicalities of trading FFAs
- Documentation and settlement
- Electronic trading
- FFA trading and hedging examples for spot, time-charter and tanker routes
- FFAs and forward freight curves
- Exercise on Freight risk management

1515 – 1530 Coffee Break

1530 – 1700 Freight Rate Options

- Freight rate options
- Option terminology
- Using freight options for hedging
- Option trading strategies
- Freight options pricing

1700 – 1830 Evening Reception

DAY 2

0900 – 1015 Bunker Risk Management

- Fundamentals of the bunker market
- Importance of bunker risk management in shipping
- Use of bunker derivatives to hedge bunker risk
- Forward bunker contracts; trading and hedging
- Bunker swaps; hedging and pricing
- Options on bunker prices
- Exercise on Bunker Risk Management

1015 – 1030 Coffee Break

1030 – 1200 Financial Risk Management in Shipping

- Interest rate risk in shipping
- Financing examples & sources of interest rate risk
- Instruments to manage interest rate risk
- Hedging interest rate risk using forwards and futures
- Interest rate caps, floors and collars
- Interest rate and currency swaps & swaptions

1200 – 1230 Case Study on Shipping Risk Management

- Integrating all aspects of shipping risk
- Presentation of the case
- Using spreadsheets to solve the case
- Discussion on the case

1230 – 1330 Lunch

1330 – 1430 Ship Price Risk Management

- Portfolio theory
- Diversification and risk-return optimisation
- Baltic Sale and Purchase Assessment (BSPA)
- Baltic Demolition Assessment (BDA)
- Sale & Purchase Forward Agreements (SPFA)

1430 – 1545 Value at Risk (VaR) in Shipping

- Estimating volatility - daily vs yearly
- Measuring and estimating VaR; Single-asset vs multi-asset portfolio
- VaR Methodologies
- Examples of estimating VaR of FFA portfolios

1545 – 1600 Coffee Break

1600 – 1700 Credit Risk in Shipping

- Probability of default vs Loss given default
- How to measure credit risk; qualitative vs quantitative methods
- Credit risk and credit ratings
- Credit risk measurement in shipping
- Credit derivatives and credit risk management in shipping

1700 – 1710 Concluding Remarks

Registration

To reserve your place please fill in the form below. Book early to avoid disappointment. 25 participants per course.

Title	<input type="text"/>	First name	<input type="text"/>	Surname	<input type="text"/>
Company	<input type="text"/>				
Address	<input type="text"/>				
<input type="text"/>	Postal Code	<input type="text"/>	Country	<input type="text"/>	
E-mail	<input type="text"/>	Telephone	<input type="text"/>		

Course

2009

- LONDON (15-16 June)
 SINGAPORE 29-30 JULY**
 LONDON (20-21 October)




Course cost: £1399

+VAT where applicable

* No VAT applicable

** No VAT applicable and 30% funding available from Singapore Maritime Cluster Fund.

Please note that this fee covers course materials, lunch and refreshments but not accommodation.

Card type (tick)	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>								
Card number	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Security code	<input type="text"/>	<input type="text"/>	<input type="text"/>
Expiry date	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>									
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Terms and conditions

We must be in receipt of full payment prior to the day of the training course or your nominated delegate(s) may not be allowed entry to the event. Cancellations 14 days prior to the event will be refunded at 50% of the delegate fee. Cancellations within 14 days cannot be refunded. All cancellations must be received in writing. Names of delegates may be changed at any time without charge and notification of name changes should be made in writing. Registration fees include lunch and refreshments and course notes.