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Argus Consulting Training course: LNG Trading, Strategy and Risk Management



Challenges

Faced with a turbulent market and volatile prices, the client approached Argus Consulting to provide a customised training course. It wanted modules aligned to the company's vision of creating a pool of expertise that would help manage LNG procurement risk.

Solution provided by Argus Consulting

The training course, targeted at the procurement team, gave attendees a deeper understanding of the LNG markets, optimisation of assets, and procurement strategies. Participants gained a sound technical grounding in identifying market indicators and the reasoning behind traders' decision-making process.

Our analysis covered:

Argus Consulting delivered a four-day training package with supporting material for participants. The course was structured as follows:

- Day 1 – Global gas market pricing: Provided an understanding of the global LNG market and how macro and microeconomic indicators dictate the pricing mechanism
- Day 2 – Optimisation for LNG assets: Participants assess the risk and rewards of diverting the cargo from its original destination

- Day 3 – LNG trading strategy: Session highlighted all exposures and risks associated in having two different index exposures and when this might a good trading strategy
- Day 4 – Practical pricing: Using a recent market supply tender as an example, participants formulated prices in order to bid on a strip of cargoes for their portfolio. To do this, all costs, constraints and associated risks were taken into account, addressing a variety of issues, from vessel chartering to LNG and terminal compatibility

Outcome

Participants came away with a clear understanding of what drives risk in LNG procurement, how to measure these risks and mitigate them where desirable. The course provided an in-depth overview of the market, value chain and LNG pricing mechanisms. As the course was intended for employees with a variety of backgrounds, it further integrated the team and highlighted how each member could contribute to the success of the company's objectives.

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Natural gas/LNG
illuminating the markets

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