JUPITER PRIME

Consulting • Training • Advisory

جوبيتر برايم للاستشارات والتدريب

COURSE BROCHURE

Petrochemical Treasury and Commodity Price Hedging Training Course

jupiterprime.uk

info@jupiterprime.uk

Registered in the United Kingdom and Saudi Arabia

Petrochemical Treasury and Commodity Price Hedging Training Course

Petrochemical Treasury and Commodity Price Hedging is a 2-week training course for finance managers and analysts in oil, gas and petrochemical companies who own liquidity, funding and price exposure decisions, and it builds a Treasury and Hedging Policy Pack. Feedstock and product prices now move faster than budgets, so cash buffers and hedge ratios decide whether capital projects survive a downturn. Jupiter Prime Training delivers this course for treasury and commercial finance teams.

Why Petrochemical Treasury and Commodity Price Hedging Matters Now

Three forces shape the subject today. Volatile crude, naphtha, ethane and polymer prices squeeze the spread between feedstock and product. Lenders and rating analysts examine liquidity headroom and covenant cushions more closely after each price shock. Boards expect treasury to show how hedging protects investment plans rather than speculating on direction. A company that handles this well funds expansions through the cycle and keeps supplier credit open; one that handles it badly faces margin calls, covenant breaches and delayed projects. The course rests on discounted cash flow valuation, the cash conversion cycle and recognised hedge accounting principles.

Who Gains Most from Petrochemical Treasury and Commodity Price Hedging

- Treasury specialists responsible for liquidity forecasting, bank relationships and funding headroom
- Commercial finance analysts responsible for feedstock and product margin exposure
- Financial planning leads responsible for capital budgets and investment appraisal
- Risk analysts responsible for derivative limits, counterparty credit and hedge effectiveness
- Controllers responsible for financial statements, covenants and performance reporting

A refinery, cracker or gas processing business gains most when its treasury, planning and commercial finance members attend together and agree one exposure map.

Petrochemical Treasury and Commodity Price Hedging Capabilities

Participants connect price risk, cash and capital into one set of treasury decisions that a finance director can defend.

- Calculate net present value, internal rate of return and payback for petrochemical expansions — investment committee approval
- Build a thirteen-week liquidity forecast linked to feedstock settlement terms — funding headroom decisions
- Design a hedge ratio policy using swaps, futures and options on crude and spreads — board risk appetite
- Assess financing structures from revolving credit to project finance — lender negotiations
- Test cash flow at risk under price scenarios — covenant and dividend decisions
- Communicate treasury performance through variance and exposure dashboards — executive committee

Key Petrochemical Treasury and Commodity Price Hedging Terms

- Crack Spread — the price difference between crude oil and the refined products made from it, a proxy for refining margin.
- Cash Conversion Cycle — days of inventory plus days of receivables minus days of payables, showing how long cash is tied up.
- Hedge Ratio — the share of a forecast physical exposure covered by derivative contracts over a stated period.
- Basis Risk — the gap between a hedge instrument price and the actual physical price a company buys or sells at.
- Cash Flow at Risk — the shortfall in operating cash flow that price scenarios could produce at a chosen confidence level.
- Weighted Average Cost of Capital — the blended required return of debt and equity used to discount project cash flows.

Petrochemical Treasury and Commodity Price Hedging Day by Day

Day 1: Price Forces Across the Hydrocarbon Chain

- Upstream, Midstream and Downstream Cash Profiles — Where Treasury Exposure Sits
- Feedstock to Polymer Margin Chain — Which Spreads Drive Earnings
- Benchmark Crude, Gas and Naphtha Pricing — Choosing Reference Indices
- Price Volatility History Review — Setting Realistic Stress Ranges
- Treasury Mandate Charter — Defining Authority and Reporting Lines

Day 2: Reading Petrochemical Financial Statements

- Inventory Valuation Methods for Hydrocarbons — Effect on Reported Margin
- Ratio Analysis of Refiners and Crackers — Peer Liquidity Comparison
- Segment Reporting by Value Chain Stage — Allocating Capital Fairly
- Cash Flow Statement Decomposition — Separating Price From Volume Effects
- Covenant Metrics Reconciliation — Early Warning for Lenders

Day 3: Capital Budgeting for Process Plants

- Discounted Cash Flow Model for Expansions — Investment Committee Approval
- Weighted Average Cost of Capital Build — Hurdle Rate Setting
- Price Deck Selection — Base, Low and High Case Choice
- Real Options on Phased Capacity — Timing of Final Investment
- Post-Investment Appraisal Template — Learning From Completed Projects

Day 4: Working Capital in Feedstock and Product Flows

- Cash Conversion Cycle Mapping — Releasing Trapped Liquidity
- Feedstock Payment Terms and Letters of Credit — Supplier Credit Headroom
- Receivables Factoring and Credit Insurance — Customer Risk Transfer
- Tank and Warehouse Stock Targets — Balancing Supply Security and Cash
- Thirteen-Week Liquidity Forecast — Short-Term Funding Decisions

Day 5: Funding and Financing Structures

- Revolving Credit and Term Loan Mix — Matching Debt to Asset Life
- Project Finance and Limited Recourse Debt — Ring-Fencing New Plants
- Export Credit and Prepayment Facilities — Unlocking Offtake-Backed Funding
- Islamic Finance Structures for Industrial Assets — Widening the Lender Pool
- Debt Capacity Under Price Stress — Setting Leverage Ceilings

Day 6: Commodity Derivatives Toolkit

- Swaps on Crude and Products — Fixing Margin Over Budget Periods
- Exchange Futures and Margin Calls — Liquidity Cost of Hedging
- Options, Collars and Three-Ways — Paying for Downside Protection
- Spread and Crack Hedges — Protecting Conversion Margin
- Basis Risk Measurement — Choosing the Closest Hedge Index

Day 7: Designing the Hedging Policy

- Exposure Identification Register — Linking Hedges to Physical Volumes
- Hedge Ratio Ladders by Tenor — Board Risk Appetite Setting
- Counterparty Credit Limits and Master Agreement Terms — Avoiding Concentration Losses
- Hedge Accounting Documentation — Reducing Earnings Volatility
- Delegated Dealing Authorities — Segregation of Front and Back Office

Day 8: Measuring Price Risk and Liquidity Stress

- Cash Flow at Risk Simulation — Dividend and Covenant Decisions
- Scenario Matrices for Feedstock Shocks — Contingency Funding Triggers
- Currency and Interest Rate Overlay — Combined Exposure View
- Hedge Effectiveness Testing — Keeping Hedges Fit for Purpose
- Liquidity Buffer Sizing — Minimum Cash and Undrawn Lines

Day 9: Budgeting and Treasury Performance Reporting

- Driver-Based Budget for Margin and Cash — Annual Plan Approval
- Rolling Forecast Cadence — Reallocating Capital Mid-Year
- Variance Bridges for Price, Volume and Hedge Results — Explaining Performance
- Treasury Key Indicators Dashboard — Executive Committee Visibility
- Board Hedging Report Format — Oversight of Derivative Positions

Day 10: Practising the Treasury and Hedging Policy Pack

- Capital Project Valuation Under Hedged Price Decks — Final Investment Case
- Liquidity Forecast Stress Run — Funding Headroom Confirmation
- Hedge Ratio Ladder Calibration — Risk Appetite Sign-Off
- Financing Structure Recommendation — Lender Engagement Plan
- Treasury and Hedging Policy Pack Completion — Board Submission

Applying Petrochemical Treasury and Commodity Price Hedging After the Course

- Run a cash flow at risk simulation on next year's feedstock and product volumes and present the hedge ratio ladder it supports.
- Rebuild the thirteen-week liquidity forecast with actual settlement terms and identify one working capital release.

Petrochemical Treasury and Commodity Price Hedging Questions FAQ

What is Petrochemical Treasury and Commodity Price Hedging and why does it matter now?

It is the discipline of managing cash, funding and feedstock and product price exposure for hydrocarbon processors. It matters now because price swings move margins and covenants faster than annual budgets can react, and treasury must protect investment plans.

Which roles gain most from Petrochemical Treasury and Commodity Price Hedging?

Treasury specialists, commercial finance analysts, planning leads, risk analysts and controllers gain most. You benefit most when you already handle forecasts, bank lines or derivative positions and need one consistent policy linking them.

How does Petrochemical Treasury and Commodity Price Hedging differ from a petroleum economics course?

It focuses on corporate cash, funding and derivatives rather than field reserves and fiscal terms. Petroleum economics and upstream accounting courses value wells and fields; this course manages the liquidity and price risk of processing and trading businesses.

What do you bring back from Petrochemical Treasury and Commodity Price Hedging?

You bring back a policy pack with a liquidity forecast, hedge ratio ladder, financing recommendation and project valuation under hedged prices. It gives your finance director a ready basis for board approval of hedging limits.

Petrochemical Treasury and Commodity Price Hedging: The Way Forward

The Treasury and Hedging Policy Pack first informs how much of next year's feedstock and product exposure to hedge and at what tenor. Treasury, planning and the board risk committee use it to align funding headroom with investment plans. After its first use, revisit the basis risk choices and liquidity buffer size once actual settlement and margin call data are available.