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COURSE BROCHURE

# Commodity Futures Basis Trading and Margin Control Training Course

18 – 22 April 2027
Sharm El-Sheikh

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Registered in the United Kingdom and Saudi Arabia

# Commodity Futures Basis Trading and Margin Control Training Course

**Ref:** 2359_88415 **Date:** 18 – 22 April 2027 **Location:** Sharm El-Sheikh **Fees:** 4500 GBP

Commodity Futures Basis Trading and Margin Control is a 1-week training course for commodity traders, treasury officers and market risk staff, who build a commodity hedging plan. Volatile spreads and sudden variation margin calls now test the liquidity of producers, merchants and the banks that finance them. Jupiter Prime Training runs Commodity Futures Basis Trading and Margin Control for desks joining physical and paper positions.

## Why Commodity Futures Basis Trading and Margin Control Matters Now

Price swings in metals and grains move faster than physical cargoes, so the gap between cash and futures prices carries more of the profit and loss. Central clearing places daily variation margin on every hedger, turning a sound hedge into a funding strain overnight. Lenders financing stock also study the borrower's futures book. A desk that misreads basis or margin can be forced to unwind sound hedges at the worst moment. The course rests on cost-of-carry pricing, initial and variation margin mechanics, and hedge-effectiveness testing.

## Who Gains Most from Commodity Futures Basis Trading and Margin Control

- Physical traders pricing cargoes against a futures reference.
- Treasury officers funding and forecasting clearing margin.
- Market risk analysts setting limits and running stress scenarios.
- Middle-office controllers reconciling broker statements and hedge designations.
- Commodity finance bankers assessing a borrower's hedge book.

A trading house or agribusiness gains most when trader, treasurer and risk analyst attend together.

## Commodity Futures Basis Trading and Margin Control Capabilities

Participants learn to treat basis as a position and margin as a funding need.

- Calculate fair futures value from spot price, storage, financing and convenience yield — trader quoting a forward cargo
- Assess basis risk between delivery grade, location and the contract specification — desk head approving a hedge
- Design hedge ratios using minimum-variance regression and rolling windows — risk committee setting hedge policy
- Build a margin liquidity forecast under price shock scenarios — treasurer sizing funding lines
- Specify position limits by tenor, commodity and counterparty — chief risk officer
- Communicate hedge results and roll costs in plain terms — finance director and lenders

## Key Commodity Futures Basis Trading and Margin Control Terms

- Basis — the difference between the local cash price of a commodity and the price of the nearby futures contract.
- Contango — a forward curve where later futures trade above nearer ones.
- Backwardation — a forward curve where nearer futures trade above later ones.
- Variation margin — the daily cash paid or received as open futures positions are marked to the settlement price.
- Initial margin — the deposit a clearing house demands to open a futures position.
- Roll yield — the gain or loss from closing an expiring futures contract and opening a later one.

## Commodity Futures Basis Trading and Margin Control Day by Day

### Day 1: Physical and Paper Markets

- Cash, Forward and Futures Contracts — Choosing The Right Pricing Instrument
- Contract Specifications and Delivery Grades — Matching Paper To Physical Cargo
- Exchange-Traded Versus Over-the-Counter Swaps — Clearing And Credit Exposure Choices
- Price Discovery and Open Interest — Reading Market Depth Before Trading
- Metals and Grains Supply Chains — Where Price Exposure Actually Arises

### Day 2: Futures Pricing and the Forward Curve

- Cost-of-Carry Model — Setting Fair Value For Deferred Contracts
- Convenience Yield and Storage Economics — Explaining Backwardated Curves
- Contango and Backwardation Shapes — Timing Storage And Sale Decisions
- Calendar Spreads — Expressing Views On Curve Steepness
- Roll Yield Calculation — Budgeting The Cost Of Long Hedges

### Day 3: Basis Behaviour and Hedge Design

- Location and Quality Basis Decomposition — Pricing Origin And Grade Differentials
- Historical Basis Charts — Spotting Seasonal Patterns For Merchandising
- Minimum-Variance Hedge Ratio — Sizing Futures Against Physical Volume
- Cross-Hedging With Related Contracts — Covering Commodities Without Liquid Futures
- Hedge-Effectiveness Testing — Supporting Hedge Accounting Designation

### Day 4: Margining, Liquidity and Position Limits

- Initial and Variation Margin Mechanics — Forecasting Daily Clearing Cash Flows
- Margin Stress Scenarios — Sizing Committed Funding Lines
- Position Limit Matrix — Capping Exposure By Tenor And Commodity
- Value at Risk and Spread Shock Tests — Reporting Desk Exposure Upward
- Broker and Clearing Member Selection — Weighing Collateral Terms And Default Protection

## Day 5: Practising the Commodity Hedging Plan

- Curve-Based Hedge Timing Exercise — Applying Carry And Spread Signals
- Basis Exposure Register — Applying Location And Grade Analysis
- Margin Funding Drill — Applying Stress Results To Treasury Lines
- Limit Breach Escalation Role Play — Applying The Position Limit Matrix
- Commodity Hedging Plan Assembly — Presenting Ratios, Limits And Funding

## Applying Commodity Futures Basis Trading and Margin Control After the Course

- Rebuild the desk's basis history for its two largest origins and set seasonal hedge triggers from it.
- Run a margin stress test on the open futures book and agree a funding buffer with treasury.

## Commodity Futures Basis Trading and Margin Control Questions FAQ

### What is commodity futures basis trading and margin control, and why does it matter now?

It is the discipline of pricing physical commodities against futures, managing the gap between them and funding the margin that hedges create. It matters now because sharper price swings and daily clearing calls can drain cash even when a hedge is economically sound.

### Which roles gain most from commodity futures basis trading and margin control?

Physical traders, treasury officers, market risk analysts, middle-office controllers and commodity finance bankers gain most. Each handles part of the same exposure, so a shared view of basis and margin speeds decisions.

### How does commodity futures basis trading and margin control differ from a general derivatives valuation course?

It focuses on the link between physical cargoes and futures rather than on option models. You work with basis, carry, roll costs and clearing cash flows that a hedger faces daily.

### What do you bring back from commodity futures basis trading and margin control?

You bring back a hedge plan for your own book. It sets hedge ratios, basis exposure, position limits and margin funding under stress.

## Commodity Futures Basis Trading and Margin Control: The Way Forward

The commodity hedging plan first informs how much of next season's physical volume to cover with futures and at what ratio. Traders use it to time hedges, treasury uses it to size margin lines and risk uses it to police limits. After its first full season, revisit the basis history and stress assumptions against what the market actually delivered.