

Commodities Notes

Henry

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1 General/Derivatives

1.1 Futures

1.2 Swaps

1.3 Strategies

1.3.1 Calendar/Timespreads

1.3.2 Flys

1.3.3 Boxes

2 PnL calculation

2.1 Calculating PL change

2.2 Alternative ways to calculate PL change

2.2.1 Delta

2.3 Unit conversion

Typically required when calculating MTM of a position when volume unit of measure (UoM) is different from our marks/price unit of measure. Typically this happens in the cases of where we want to reflect product spread of 2 instruments with different volume UoM as a single position. For example, we want to show a gasoil East/West (E/W) spread. Gasoil east (MOPS 10PPM Gasoil) default UoM is in bbls while Gasoil west (IPE Gasoil) default UoM is in mt.

2.3.1 General way of doing unit conversion

unit conversion for volume is quite simple if

$$1mt = 7.45bbl$$

then to convert 50kb volume into its mts equivalent would be.

$$1bbl = \frac{1}{7.45}mt$$
$$50000bbl = 50000 \times \frac{1}{7.45}mt \approx 6,711.4mt$$

In general

2.3.2 Unit conversion example

2.4 Combining positions