

# WHERE'S THE MARKET GOING? AND WHAT CAN YOU DO ABOUT IT?

NOVEMBER 11 -12, 2010 AT THE MAGNOLIA HOTEL, HOUSTON



JOIN US FOR A TWO-DAY NATURAL GAS FUTURES HEDGING SEMINAR

## Presented by:

**Thomas Saal**, Senior V.P. Energy, Hencorp Futures, LC.

**Edward Kennedy**, Senior V.P. Energy, Hencorp Futures, LC.



## About the Presenters:

With more than 70 years combined of real world experience in natural gas futures trading and hedging, these well-known veterans of the gas world will go beyond the usual hedging and risk management tutorials to reveal today's techniques for identifying price trends and market timing, including the use of fundamental and technical market indicators. Only once or twice a year are they able to take time from their primary jobs as natural gas brokers and price risk management consultants to offer this seminar to the public.

## Seminar Highlights:

### Where's the Market Going?

- Utilizing Information Provided by the Market
  - Types of Traders and Their Motives
  - Supply-Demand Balance Approach vs Marginal Analysis
  - Market Profile, Moving Average, Stochastics and Fibonacci Retracements



### What Can You Do About it?

- Understanding the Types of Risk that Exist
- Using Futures and Options to Hedge that Risk
- Examples of Relevant and Timely Hedges You Can Use in This Market

## Who Should Attend:

Anyone who is involved in or responsible for the management of natural gas price risk within their organization. More generally, this may also include individuals who deal with the exposure to general commodity or energy commodity price risk for companies involved in natural gas, including:

- Producers/Marketers
- Pipelines/Storage/LNG
- LDCs/Utilities/Municipalities
- Independent Power Producers
- Industrial/Commercial Gas End-Users
- Analysts
- Economists
- Finance and Accounting Personnel
- Compliance directors
- Association representatives and
- Senior executives

“ This workshop is designed to get the most out of your hedging program. Trading natural gas futures is what we do every day. ”

Tom Saal  
Senior V.P. Energy,  
Hencorp Futures, LC.

“ This is a roll-up-your-sleeves seminar featuring a look at the tools utilized by natural gas trading experts to anticipate the size and direction of the next price move. This course focuses on concrete and timely examples of when and why to buy or sell natural gas futures and options contracts. ”

Dexter Steis,  
Executive Publisher  
NGI

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For More Information or to Register: [seminars.gasmart.com](http://seminars.gasmart.com)

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“ This is a must for anyone serious about reducing your company's future price risk & maintaining cash flow. ”

J. Paul Belflower  
VP, Natural Gas  
Marketing & Supply  
Mustang Fuel Corp  
Eagle Marketing Co

“ This course provided Seminole Electric Cooperative the additional tools necessary to monitor the NYMEX market place to protect our members' exposure to natural gas prices. We also included our Director of Corporate Compliance in this important training opportunity, so that Seminole could meet the requirements of Sarbanes-Oxley Act when reporting our fuel hedging activities. ”

Jack Reid  
Director of Fuel Supply  
Seminole

“ I use some of what I learned at last year's workshop almost every day. The class definitely extended my knowledge of risk management. ”

Bob Gouge  
Director,  
Purchasing and  
Transportation  
AFG Industries

## Seminar Agenda

Thursday, November 11

7:30 a.m. - 8:30 a.m. **Breakfast is served**

8:00 a.m. - 11:40 a.m. **Morning Session** (with a 20 min. break at 9:40 a.m.)

### Why We Hedge: Introduction and Overview

*Ed Kennedy, Senior V.P. Energy, Hencorp Futures, LC.*

The Markets have undergone dynamic changes in the last five years. Price risk, basis risk, and credit risk must all be considered in a successful hedging program. This session will review these risks as well as review the slate of hedging products available today.

- Counterparty Credit Risk Understood
- Conventional Fixed Price Futures and Options
- OTC Clearport Financially Cleared Products
  - Henry Hub Swap
  - Locational Basis Swaps
  - Index Swaps

### Options Demystified

This session will focus on efficient use of calls and puts to give you the knowledge you need to incorporate these tools into your natural gas price risk management program. Mr. Kennedy will draw on his 20 years of energy hedging expertise to provide insights on what option strategies to use in both bull and bear markets.

Among the topics to be discussed are:

- Options Refresher
  - A Quick Review of Calls and Puts
  - Intrinsic Value
  - Time Decay
  - Implied Volatility
- Options in Your Hedging Program:
  - Price Protection for your Supply Needs
  - Price Protection for your Production
  - Managing Storage: Maximizing the Spread while Minimizing the Cost
- A Look at Several Real-World Option Case Studies

11:40 a.m. - 1:00 p.m. **Working Lunch**

**Financial Regulation Reform:** An update on what the newly passed legislation means for the natural gas trader and hedger.

— For More Information or to Register: [seminars.gasmart.com](http://seminars.gasmart.com) —

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Thursday, November 11 (cont'd)

1:00 p.m. - 4:00 p.m. **Afternoon Session** (with a 20 min. break at 2:20 p.m.)

## **A Multidimensional Approach to Hedging Natural Gas Price Risk**

*Tom Saal, Senior V.P. Energy, Hencorp Futures, LC.*

There is an abundance of market information available to natural gas traders each and every day. The key is knowing what signals to follow and which signals to ignore, ultimately helping you to answer the question: "Where's the Market Going?" Be on hand as Mr. Saal reveals the data and clues produced by the market that help him and his clients make prudent trading decisions each day.

- Utilizing Information Provided by the Market
- Fundamental Supply-Demand Balance Approach
- Time-Basis (Spread) Analysis and the Value of Storage
- Commitments of Traders Report
  - Who's Doing What? Hedger versus Speculator Trading Behavior
  - Disaggregated Commitments of Traders Report: A Look Inside this Newest Piece of Data
- Technical Analysis Refresher
  - Moving Averages
  - Bollinger Bands
  - Stochastics
  - Fibonacci Retracements

Equally important, however, is the ability to communicate the basis of your hedging decisions to your management. This workshop will not only train you how to read the market, it will also give you the tools to explain those decisions to others in your organization.

4:30 p.m. - 5:30 p.m. **Networking and Cocktail Reception** hosted by Hencorp Futures, LC. (at Magnolia's Hotel Bar)

Friday, November 12

7:30 a.m. - 8:00 a.m. **Breakfast is served**

8:00 a.m. - noon **Morning Session** (with a 20 min. break at 9:50 a.m.)

## **A Multidimensional Approach to Hedging Natural Gas Price Risk** (continued)

*Tom Saal, Senior V.P. Energy, Hencorp Futures, LC.*

### **An Introduction to Market Profile**

Devised by Chicago Board of Trade "Pit" trader and technician Pete Steidlmayer, Market Profile analyzes a market's "fair value" using its recent history of its price action plotted versus time. In this session, Mr. Saal will provide an overview of this powerful tool and explain how it can be utilized effectively to manage natural gas price risk.

- The ABC's of Market Profile
  - From Bar chart to Market Profile
  - Horizontal and Vertical Pricing
  - Normal Distribution of Prices
  - The Initial Balance
  - Value Area and Day Structures
  - Trend Day "Space"
  - Minus Development
  - From Short-Term to Long-Term

noon **Seminar Concludes**

“As a trader since 1987, I was interested in learning more about Market Profile technical trading system. Not only did the instructors do an excellent job describing the basic tenets of Market Profile they also detailed the other key fundamental and technical analysis tools utilized in today's gas futures market.”

*Peter L. Bryant  
TBC ConFuels*

“Tom and Ed were very patient and took the time both during and after the course to make sure I got it. Market Profile is now one of a couple tools that I use when I am ready to enter or exit a trade. Its ability to display price versus time is unmatched by any other technical systems.”

*Al Bean  
Partner  
ACT Energy Management*

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## Instructors

**THOMAS J. SAAL** is a Senior Vice President for Hencorp Becstone Futures, LC where he provides risk management and trade execution in energy futures and options. Previously, Mr. Saal held senior-level positions with Commercial Brokerage and Pioneer Futures where he provided full-service brokerage services for his clients in the natural gas and oil markets. In 1991, Mr. Saal founded Merrill Lynch's first natural gas futures trading desk and served as a senior financial consultant. Prior to the position with Merrill, Mr. Saal cut his teeth on the physical side of the industry as a fuels analyst, fuel planner and rate analyst for Florida Power & Light Company from 1986 to 1991. He started his career in 1983 as a financial analyst with Natomas North America, Inc./Diamond Shamrock, and was comptroller of public accounts-Texas, economist, from 1984 to 1986. He holds a Masters degree in Economics from the University of Houston.

**Tom & Ed's daily  
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**FREE** email trial



**EDWARD KENNEDY** is a Senior Vice President for Hencorp Becstone Futures, LC where he provides risk management and trade execution in energy futures and options. For 40 years he has been helping to develop and execute trading and hedging programs for his clients across various commodities and exchanges. He began his professional career as a Nymex and Comex floor broker working through the ranks of companies such as Aspinwall Associates, Dean Witter Reynolds and Calcaterra Inc. In 1991 he left the floor to help co-found the first natural gas trading desk for Merrill Lynch. In this position with Merrill, as with similar positions held more recently with Pioneer Futures and Commercial Brokerage Corp., Mr. Kennedy has provided trading advice and brokerage services for a wide array of energy market clients including: natural gas producers, marketers, end users, Idcs, utilities and managed money funds. He holds a Masters in Philosophy from Georgetown University.

## Companies whose employees have attended previous natural gas and hedging seminars Featuring Tom Saal and Ed Kennedy

Abbott  
ACT Energy Management  
Alliance Energy  
Allied Irish Bank  
Apex Oil and Gas  
A.P.G.A.  
AFG Industries  
Amerada Hess  
Ameren Energy Fuels & Services  
Anadarko Canada Corporation  
Anadarko Petroleum Corporation  
Aquila Networks, Inc.  
Aquila, Inc.  
Bangor Gas Co., LLC  
Barclays Capital  
Bear Paw Energy-BGT Limited  
Bloomberg News  
Brookshire Grocery Co.  
Bunge  
Cadent Financial  
California Public Utilities Comm.  
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Citigroup Investment Research  
City of Corpus Christi Gas Dept.  
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CLECO Corp  
Cleveland-Cliffs  
Cognis Corporation  
Colorado Springs Utilities  
Con Edison  
Corn Products International  
Cytex Industries Inc.  
DC Energy  
Defense Energy Support Center  
DFW International Airport  
Direct Energy Marketing  
Duke Energy  
Dynege Marketing & Trade  
E&J Gallo Winery  
El Paso Energy  
El Paso Western Pipeline  
Enbridge Gas Services Inc.  
Enbridge Marketing  
EnCana Gas Marketing  
Energy Center Investments  
Energy Corporation of America  
Energy Management Resources  
Energy Source Canada, Inc.  
Energy Vision, LLC  
Enstor Inc.  
Entergy  
Enterprise Products Operating  
EPCOR  
Equitable Resources

FIML Natural Resources  
Finley Resources, Inc.  
FMC  
Gas Tel Litoral c/o Shell  
GasTrader.net  
GCP Energies  
Geary Energy, LLC  
Gemini Explorations, Inc.  
General Services Administration  
Global Energy Capital  
GlobalView Inc  
Goldman Sachs/J. Aron & Co.  
Hicks, Muse, Tate & Furst  
Houston and Associates, LLC.  
Hunt Petroleum Corp  
Huntsville Utilities  
Hydro-Quebec Production  
Imperial Irrigation District  
Inside FERC's Gas Market Report  
Intelligence Press, Inc.  
Iroquois Gas Transmission System  
Kaiser Aluminum & Chemical  
Kern River Transmission  
Leigh University  
LNGJ USA Inc.  
Luthin Associates, Inc.  
MeadWestvaco  
Memphis Light, Gas & Water  
Merrill Lynch Commodities Inc.

MidAmerican Energy Company  
Modesto Irrigation District  
Morgan Stanley  
Mustang Fuel Corporation  
MX Energy  
National Gas Distributors LLC  
Nestle  
New York Power Authority  
Nexen Marketing  
NGSA  
Nicol Gas  
Novex Energy Solutions Inc.  
Northwest Natural  
Occidental Energy  
OCI Chemical Corp.  
Omaha Public Power District  
Pacesetter Energy, Inc  
Pacific Gas & Electric  
Plasticpak Packaging Inc.  
Petsec Energy, Inc.  
Peoples Energy  
Phillips Resources, Inc.  
Platts  
Portland General Electric  
Poten and Partners  
Progress Energy Ventures  
ProLiance Energy  
PSEG/ER&T

Public Energy Authority KY  
Questar Energy Trading  
Reliant Energy  
Saint-Gobain Proppants  
San Diego Gas & Electric  
Scudder Publishing Group  
Seminole-Electric Coop  
Sempra Energy Trading Corp  
Sequent Energy Management  
Shell Trading/Coral Energy  
Southern California Edison  
Southern Nevada Water  
Southstar Energy  
Split Rock Energy  
Sprague Energy Corp.  
SUEZ LNG NA  
T W Phillips Gas & Oil Co  
TBC ConFuels  
Tennessee Valley Authority  
TransCanada Energy Ltd  
UGI Energy Services Inc  
United States Steel Corp  
Virtex Petroleum Co  
We Energies  
Wheelabrator Technologies  
Williams  
Woodruff Energy  
WPS Resources  
Xcel Energy

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## Registration Form

### 10% Off Registration \$1,525

Registration includes all course materials, two breakfasts, lunch and coffee breaks during the seminar as well as the Thursday evening reception.

### 10% Off Group Registration \$1,390

**Save** by registering three or more people from the same company. Registration includes all course materials, two breakfasts, lunch and coffee breaks during the seminar as well as the Thursday evening reception.

### Seminar Hotel

The Seminar will take place in downtown Houston at the Magnolia Hotel, which as of Nov. 3rd is **SOLD-OUT**. However, there are still a few rooms available at the Alden, one of Houston's finest luxury boutique hotels, which is conveniently located on the same block as the Magnolia, just around the corner. Tel: 832-200-8800 or aldenhotels.com

### Cancellation/Refund Policy:

Registration fees will be refunded upon written notice of cancellation to the IPI office received on or before November 5th. After November 5, 2010 the maximum reimbursement will be 50% of your registration fee. After November 10, 2010, cancellations will forfeit all payments. It is your responsibility to ensure that your cancellation request has been received by the IPI office. Substitutions are allowed.

### Registration Information

Circle one: Mr. Mrs. Ms. Dr.

First Name: \_\_\_\_\_

Last Name: \_\_\_\_\_

Badge First Name: \_\_\_\_\_

Company: \_\_\_\_\_

Job Title: \_\_\_\_\_

Work Phone: \_\_\_\_\_

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This group live seminar is eligible for 12.0 CPE credits of

Specialized Knowledge and Applications. Be aware that state boards of accountancy have final authority on the acceptance of individual courses for CPE credit.

**PAYMENT OPTIONS:** Return form with check payment to the address listed below or complete credit card portion and fax form to 703-318-0597.

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