



# P.C.C.A. NEWSFLASH



Pacific Coast Coffee Association  
1350 Arnold Drive, Suite 106, Martinez, CA 94553  
Tel 925-335-2428 fax 240-331-3236

## **Pacific Coast Coffee Association Coffee Futures and Options Risk Management Seminar June 24 & June 25, 2010**

**PACIFIC COAST COFFEE ASSOCIATION PRESENTS**

### **Hencorp Coffee Group**

**Coffee Futures and Options  
Risk Management Seminar**

**By: Albert Scalla Senior Vice President  
Hencorp Futures, L.C.**

The Hencorp Coffee Group Futures and Options Seminar is a comprehensive workshop designed for executives in the Coffee Industry who anticipate the use of the futures and option markets as a hedging mechanism in conjunction with their cash and physical market activities.

The primary objective of the Training Program is to provide the participants with a firm foundation in derivative product fundamentals such that the graduates will be able to put their knowledge into *practical use* as an efficient price protection mechanism.

This program will guide the executive through fundamental, advanced theory and practice through dynamic interaction with the instructor and other participants.

**COSTS: PCCA/Hencorp seminar fees = PCCA Member \$250 Non Member \$500  
(This Hencorp seminar usually costs participants \$1000 per person)**

**WHERE: The Annex  
3343 Arden Road, Hayward, CA**

Space is limited – We only have 12 spots open! So please register ASAP! Training will be from 8:00 AM to 3:00 PM both days. A full schedule is on the next two pages of this document.

Remember this is a 2-day event! Please call Lisa at 925-858-2257 to sign up or email her at [pcca@paccoffee.com](mailto:pcca@paccoffee.com) or Albert Scalla [ascalla@hencorp.com](mailto:ascalla@hencorp.com)



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## FUTURES – June 24<sup>th</sup>, 2010

### 8:00 – 9:30

- Introduction to futures
- History, development and principles of the futures markets
- The exchange
- Economic functions
- Regulatory entities
- Development of the derivative markets
- Price Discovery
  
- **Coffee Break**

### 9:45 – 10:45

- Market participants
- The open interest
- Margining
- Mechanics
  
- **Coffee Break**

### 11:00 – 11:45

- Life cycle of a futures contract
- Order Flow
- Order types

### 11:45 - 12:45

- **Lunch break**

### 12:45 – 1:45

- Procedures and mechanics of a hedge
- Risk reduction
- Switch theory, calculation and pricing
- Hedging principles, "The Transfer of Risk"
- Procedures and mechanics of a hedge
  
- **Coffee Break**

### 2:00 – 3:00

- Risk reduction
- Futures in lieu of physicals
- Long Hedge
- Short Hedge
- Average price hedging
- Arbitrages of the London / New York and New York / Sao Paulo markets

### End Session



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## OPTIONS – June 25, 2010

### 8:00 – 9:30

- Introduction to options
- History, development and principles of the options markets
- Option mechanics
- Option Types
  
- **Coffee Break**

### 9:30 – 10:30

- Long Options
- Option basics
- How to apply options to a hedge
  
- **Coffee Break**

### 10:45 – 11:45

- Inventory protection
- Options as a marketing tool
- Long option scenarios
- Option Moneyness

### 11:45 – 12:45

- **Lunch Break**

### 12:45 – 2:00

- Option valuation
- Option pricing fundamentals
- Option Writing "Short Options"
- Short option risks
- Option "Greeks"
  
- **Coffee Break**

### 2:15 – 3:00

- Hedging with Options
- Short Option strategies
- Long term option protection
- Revenue generators
- Option combinations "synthetic options"

### End Session