

# Contents

Preface vii

Acknowledgments xi

**1 Introduction 1**

**Module I: Fundamentals of Commodity Economics 15**

**2 Fundamentals of Commodity Economics: Supply 17**

**3 Fundamentals of Commodity Economics: Demand 43**

**Module II: Financial Markets for Commodities 61**

**4 Fundamentals of Commodity Derivatives 63**

**5 Economics and Financial Activities behind Derivatives 95**

**Module III: Valuation and Portfolio Choice 109**

**6 Real Optionality and Valuation 111**

**7 Commodity Beta: Diversification and Inflation Protection 125**

**8 Commodity Alpha: Risk Premia 139**

**Module IV: Other Topics 147****9 Geopolitics and Commodities 149****10 Commodity Markets and Financial Regulation 169****11 Electricity Markets 185**

Index 203