

Module Layout

ISM522 / International Shipping Risk Management

Faculty	<i>FEM</i>	<i>Faculty of Economics and Management</i>	
Programme of Study	<i>ISM</i>	<i>MSc International Shipping Management</i>	
Module	<i>ISM522</i>	<i>International Shipping Risk Management</i>	
Level of Study	Undergraduate	Graduate	
		Master	Doctoral
		✓	
Language of Instruction	English		
Mode of Delivery	Distance Learning		
Module Type	Required	Electives	
	✓		
Number of Group Consulting Meetings	Total	Physical Presence	Online
	6	-	6
Number of Assignments	2		
Final Grade Calculation	Assignments	Weekly Activities	Final Exam
	40%	10%	50%
Number of European Credit Transfer System (ECTS)	10		

Module Description

The module ISM522 – International Shipping Risk Management provides students with a robust framework for understanding and applying risk management strategies within the shipping industry, emphasizing the identification, assessment, and management of specific industry risks. This course is designed to equip students with practical skills in utilizing financial and shipping derivatives as essential risk management tools, including Forward Freight Agreements (FFAs), freight options, and various financial instruments for managing volatility in bunker prices and vessel values. Students will gain the knowledge to define and analyse Value-at-Risk (VaR) models and other methodologies used to assess shipping market risks, alongside a deep understanding of how different derivatives, like forwards, futures, and options, can be applied to mitigate risks specific to currency fluctuations and freight rate volatility.

Structured across five comprehensive sub-units, the module covers a range of crucial topics, including the evaluation of freight options versus FFAs, the mechanisms behind freight options, and their role as a potentially superior hedging strategy. Students will gain hands-on experience in designing and implementing hedging strategies for shipping companies, applying tools like foreign exchange derivatives to mitigate currency risk and using freight options to manage financial exposures. Additionally, they will learn to calculate key risk metrics such as Value-at-Risk and Expected Shortfall for shipping investments and analyse the effectiveness of these models through backtesting. By synthesizing various derivatives and risk models, students will be able to formulate holistic risk management strategies that integrate diverse tools to cover bunker prices, currency fluctuations, and vessel value changes. This module ensures that upon completion, students will be capable of critically assessing and optimizing traditional and derivative-based risk management strategies within the complex and evolving shipping landscape.

Pre-requisite Modules

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-	-

Co-requisite Modules

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Grading Scheme

Assessment Method	Percentage on Final Grade	Workload	
		Hours	ECTS
Weekly Study	0%	125-150	5
Weekly Interactive Activities	10%	25-30	1
Assignment 1	20%	50-60	2
Assignment 2	20%	50-60	2
Final/Repeat Examination	50%	3-6	-
Total	100%	250-300	10

Grading Rules and Assessment methods

- Students are evaluated with 9, if they earn 90% of the possible grade, i.e. $90\% \times 10 = 9$, etc.
- Passing rate
 - 50% of the Assignments
 - 50% of the Interactive Activities
 - Students are allowed to participate in the final exam of a Module if they have overall earned the minimum grade ($\geq 50\%$) in both their Assignments and Interactive Activities
 - 50% of the Final exam

If a student earns a grade with decimal points, then it is rounded to the nearest half unit.