



## The Importance of Commodity Education

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*This article discusses why it is essential to prepare the next generation for lucrative employment opportunities across commodity sectors and notes the skills that students will need for a successful career in commodities.*

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### Introduction

During my career, which has included positions in both the mining and energy commodity sectors, I have had the opportunity to meet well-seasoned industry professionals. Through many conversations, I have always been intrigued with how people initially become attracted to commodities to the degree where many of us eventually dedicate entire careers to the sector. Some may have had a parent or relative that provided insight or nudged them in certain directions. However, the vast majority (including myself), have paths that echo the themes, "... growing up and while in college, I never heard or thought of commodities ..." and "... I fell into my first job and it ended up being a great career filled with huge challenges, the ability to work with others from different cultures, and the opportunity to travel the world."



As many of us remember, entry level positions had a sink-or-swim approach, requiring dedicated hours and sacrifice to learn the relevant commodity markets and necessary skills to get up to speed and demonstrate value quickly. Those more fortunate may have had the benefit of solid mentorship from more experienced colleagues that helped them on their paths. While some companies have proven better than others at mentorship and internal training, for most people, these activities are unstructured with the overwhelming focus on new employees to prove their worth.

For those seeking more formal, university-based commodity education, opportunities are sporadic. Opportunities may only offer targeted commodity-specific programs including agricultural economics, energy management, and transportation economics. In general, very few universities offer programs that cover multiple commodity sectors. (The Geneva School of Economics and Management offers a Master's degree in commodity trading, addressing shipping and trading across the energy and metals sectors. Erasmus University in Rotterdam, and Bayes Business School and Imperial College, both in London, also provide a more-broad commodity focus.)

For those seeking more informal or individual training in commodities, the results that come up when searching “commodity education” or “commodity training” on the internet are interesting. The results are overwhelmingly centered on commodity trading. What is lacking are comprehensive resources providing understanding of the many non-trading aspects, including how commodities are produced, the implications of financing, the associated logistics of how commodities are transported and flow through supply chain networks, the processing and refining required, the mechanics of commodity trading and risk management from both physical and financial levels.

In short, without proper mentorship and/or on-the-job training, there are limitations to obtain broad-based education and upfront knowledge in commodities. From my personal industry experience, predominately in the strategy and finance organizations of global producing and consulting companies, I note three overall attributes that enabled both myself and my employees to enter and succeed in their commodity careers, which I believe hold true across all commodities.

The first includes solid skills in obtaining data. The individual must be knowledgeable of and versed in obtaining necessary data from sources such as Bloomberg, Thomson Reuters, FactSet, and others. Secondly, the individual should possess the basic quantitative skills to analyze the previously obtained information and data. These may include financial modeling, basic statistics, econometrics, and risk management. Solid programming skills to handle large and cumbersome datasets (such as R and/or Python) are also important. Last, and most importantly, the individual must have the ability to take information and analysis obtained from the prior steps to make sound and succinct recommendations to senior managers, CEOs, and boards of directors. This requires a broad understanding of market, industry, and geopolitical trends to evaluate both the upside and downside risks. This third attribute becomes more important when moving up the corporate ladder.

At the JPMCC, we focus on these career-building skills through undergraduate, graduate, and professional commodity education classes. Also included in our mission is the generation of practical, [applied commodity research](#) targeted for industry use. The JPMCC has recently entered a partnership with Erasmus University's leadership program, which also includes Singapore Management University. In this



program, candidates with high potential from industry will travel to three continents and focus on leadership challenges in commodity trade and supply networks and engage in reflexive learning. The JPMCC constantly works to improve our courses and opportunities to reach our vision of being the global nexus for commodity talent, experts, and industry.

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## Endnote

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## Author Biography

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Dr. Thomas Brady is a mineral and commodity sector economist and is currently the Executive Director of the J.P. Morgan Center for Commodities at the University of Colorado Denver Business School and founder of Brady Commodity Advisors, LLC. He also the Managing Director and Editor of Capitalight Research’s *Commodities Report* in Canada. Most recently Dr. Brady was the Chief Economist at Newmont Mining Corporation responsible for generating key commodity price, foreign exchange and other financial assumptions used throughout the company. Previously at Newmont, he led the Strategic Planning function that developed and implemented portfolio modeling analytics and also held positions in Investor Relations, Treasury and Corporate Development.

Prior to rejoining Newmont, Dr. Brady was a Senior Manager at Risk Capital Management, a consultancy that advised energy and natural resource companies on financial risk, valuation and commodity hedging.

Dr. Brady holds a Ph.D. in Mineral Economics with research emphases in commodity markets from the Colorado School of Mines. In addition, he holds a Master’s degree in Mathematics, also from the Colorado School of Mines.

Dr. Brady had last contributed an article to the *GCARD* with “[A Review of Global Silver Supply Trends.](#)”