Outlook on Energy Price Benchmark Market and Overview of SC Crude Oil Futures

Mr. JIANG Yan  Chairman, SHFE and INE  27 February 2019  Riyadh, Saudi Arabia
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Steady Volume and Share Increase of Asia Pacific Oil Consumption

268 million Oil Consumption in 1990

- A1AC: 21.1%
- N.A.: 29.2%
- C & S.A.: 3.0%
- C & 3.A: 3.3%

268 million Oil Consumption in 2000

- A1AC: 27.9%
- N.A.: 29.7%
- C & S.A.: 3.3%
- C & 3.A: &.8%

268 million Oil Consumption in 2017

- C & 3.A: 24.70%
- N.A.: 9.10%
- A7 & 54: 4.10%
- C13, &.90%

N.A.: North America
C&S.A: Central and South America
M.E.: Middle East
APAC: Asia Pacific
CIS: Commonwealth of Independent State

Data: BP
Regional Crude Oil Benchmar/s

WTI Futures

CME

Brent Futures

ICE

Dubai / Oman OTC

MOE

DME

SHFE

CME

INE

TOCOM

MCX
SC Middle Eastern Crude CRF Price to North-East Asia

Lot size: 1000 bbls
Contracts listed: up to 36 months

- **Currency**: RMB denomination, accept USD as margin
- **Trade Price**: Net Pricing—No Tariff or VAT
- **Delivery Mode**: Bonded Physical Delivery
- **Participant Types**: Onshore and Offshore Participants
- **Underlying**: Medium Sour Crude

#### Nation | Deliverable Crudes
---|---
United Arab Emirates | Dubai
United Arab Emirates | Upper Zakum
Sultanate of Oman | Oman
State of Qatar | Qatar Marine
Republic of Yemen | Masila
Republic of Iraq | Basrah Light
People’s Republic of China | Shengli
rice of producing Region and Consuming Region

Producing Region Price

- FOB Middle East Oil

Freight, Insurance + Other Cost

Consuming Region Price

- SC Price

Regional Supply and Demand
Market Size Increases Steadily

SC Trading Volume and OI

Jan-2019 Trading Volume Market Share

- Note: above numbers are counting single-sided
Offshore participation

Account Number

Trading Volume

Open Interest

Note: as of Feb 15, 2019

48 Overseas Intermediaries

J.P. Morgan  UOB  Goldman Sachs  Phillip Futures  Straits Financial

MAREX SPECTRON  ADM  DBS
Delivery Went Smoothly

Mar 26th
SC started trading

Jun 26th
First Crude Oil Warrant issued for 500kb

Aug 31st
Last trading day of SC1809, which was the first SC contract

Sep 7th
Delivery cycle completed with 601kb of crude oil delivered

Jun 20th
First shipment of crude oil arrived at Dalian

By Feb 2019, 6 contracts have completed their delivery cycles (SC1809, SC1810, SC1811, SC1812, SC1901, SC1902), with a total amount of 5.4 million barrels delivered.

Total Size of Warrants Delivered

- 1: April 2018, 528 a:1 =:ip20 2:t:2r21
- 1:to a o:2 y:ar 0:ru12 o:tra1i:0 o:tra0t usi:g INE ,C pri02s as b2:O59ark
- Co:tra0t t2:or, 2p 2018 C Aug 2019
- 1: Oct 2018, =:ip20 a:1 o:2 C5i:2s2
- i:12p2:12:t r2i:2ry sig:21 a 0:tra0t tra1i:0 350kb o:3 9i11b2 2ast2r: 52aAy a:1 sour 0:ru12 bas21 o: INE ,C1812 pri02s
## Chinese Futures Market and Futures Exchanges

### 2018 Top 10 Global Commodity Exchanges

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Exchange Name</th>
<th>Volume (100mn lots)</th>
<th>YoY Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Shanghai Futures Exchange (SHFE)</td>
<td>12.02</td>
<td>-11.90%</td>
</tr>
<tr>
<td>2</td>
<td>Chicago Mercantile Exchange Group (CME Group)</td>
<td>11.82</td>
<td>4.43%</td>
</tr>
<tr>
<td>3</td>
<td>Dalian Commodity Exchange (DCE)</td>
<td>9.82</td>
<td>-10.84%</td>
</tr>
<tr>
<td>4</td>
<td>Zhengzhou Commodity Exchange (ZCE)</td>
<td>8.18</td>
<td>39.57%</td>
</tr>
<tr>
<td>5</td>
<td>Intercontinental Exchange (ICE)</td>
<td>7.97</td>
<td>1.54%</td>
</tr>
<tr>
<td>6</td>
<td>Moscow Exchange (MOEX)</td>
<td>4.78</td>
<td>-2.64%</td>
</tr>
<tr>
<td>7</td>
<td>Multi Commodity Exchange of India (MCX)</td>
<td>2.30</td>
<td>15.97%</td>
</tr>
<tr>
<td>8</td>
<td>Hong Kong Stock Exchange (HKEX)</td>
<td>1.85</td>
<td>17.53%</td>
</tr>
<tr>
<td>9</td>
<td>National Association of Securities Deal Automated Quotations Group (NASDAQ Group)</td>
<td>0.24</td>
<td>-54.43%</td>
</tr>
<tr>
<td>10</td>
<td>Tokyo Commodity Exchange (TOCOM)</td>
<td>0.24</td>
<td>-2.32%</td>
</tr>
</tbody>
</table>

Source: FIA

### Global Exchange Traded Commodities Market Share (2001-2018)

Source: FIA
Outlook on Pricing Benchmark Market

- Increasing uncertainties in oil supply, demand and macro economy
- Increasing fluctuation in energy prices
- Greater importance of benchmark market for price discovery and hedging purposes
- Opening up of Chinese futures market provides international solution