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IEA IEF OPEC Workshop

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Its Not A Science

Applying scientific principles to market orientated thinking

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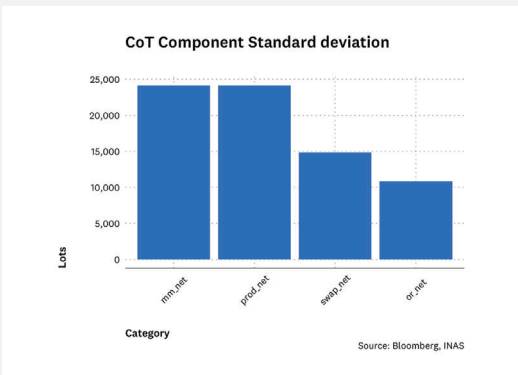
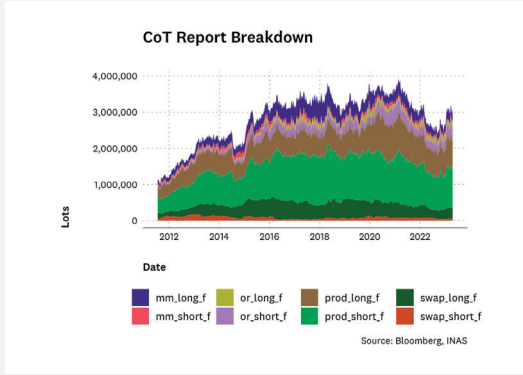
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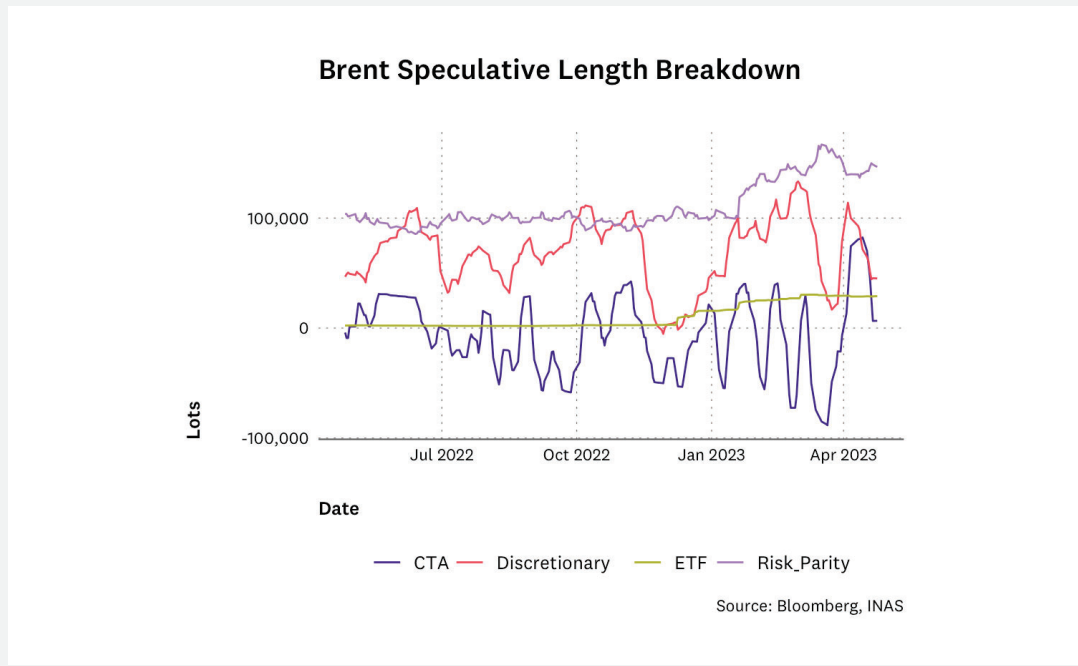
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Financial oil markets are a mixture of speculative and physical participants, with swap dealers and market makers acting as middle men

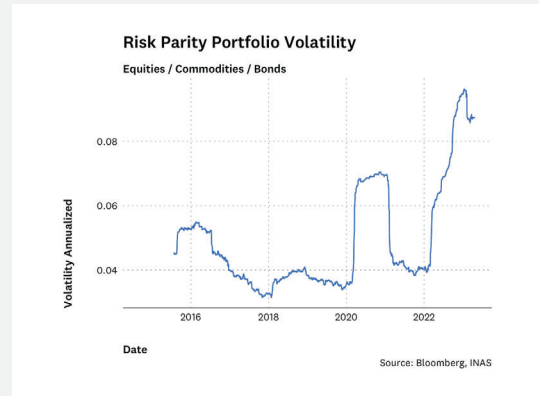
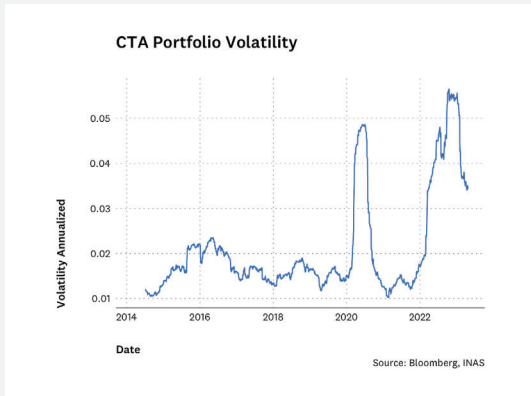
<p><u>Speculative Paper</u></p> <ul style="list-style-type: none"> CTAs Risk Parity ETFs Index Discretionary Hedge Fund Proprietary Traders 	<p><u>Physical Paper</u></p> <ul style="list-style-type: none"> Producer Refiner Consumer (Airlines / Industrial) Merchants
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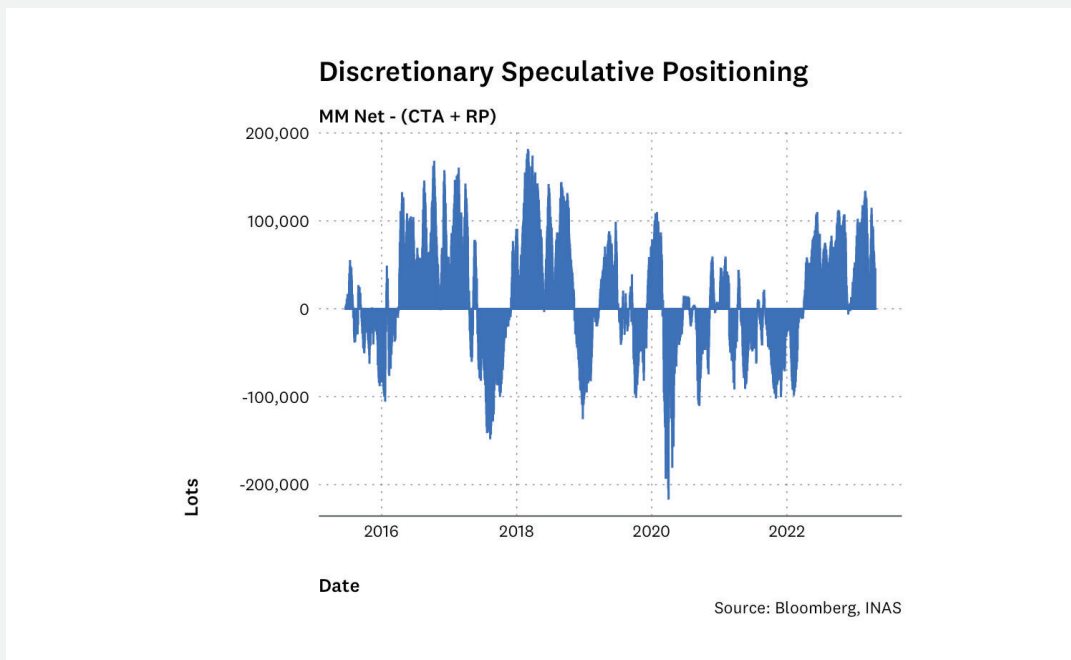
CTA positions have been volatile as price ranges have narrowed, discretionary capital also contributing significantly to large price swings



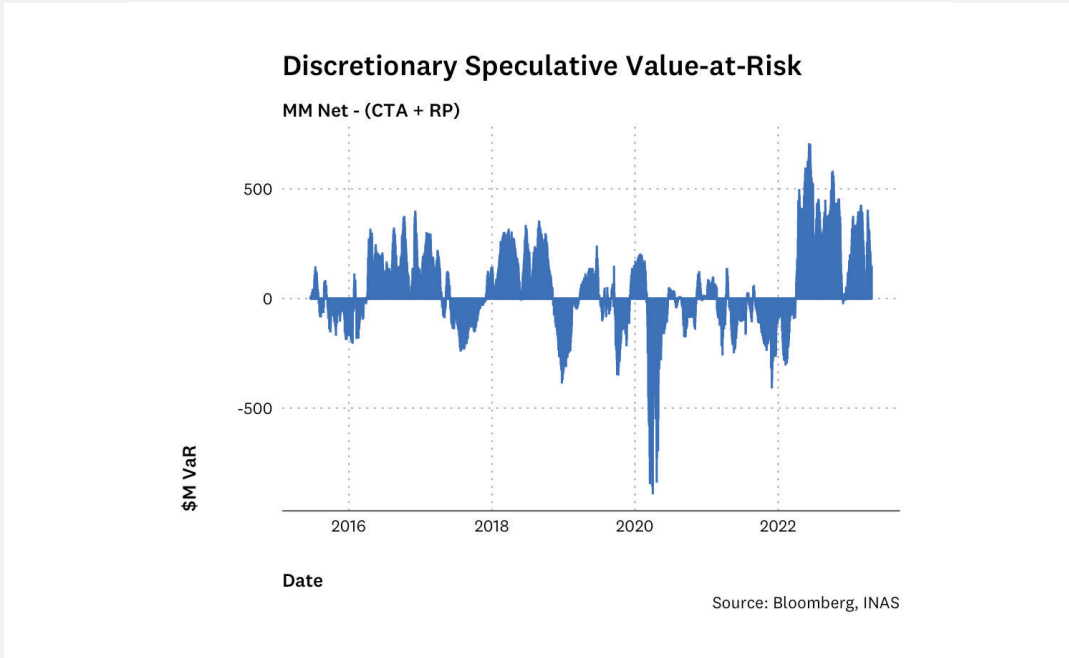
Systematic risk allocations have been constrained by high portfolio volatility, leaving discretionary capital to pick up the slack



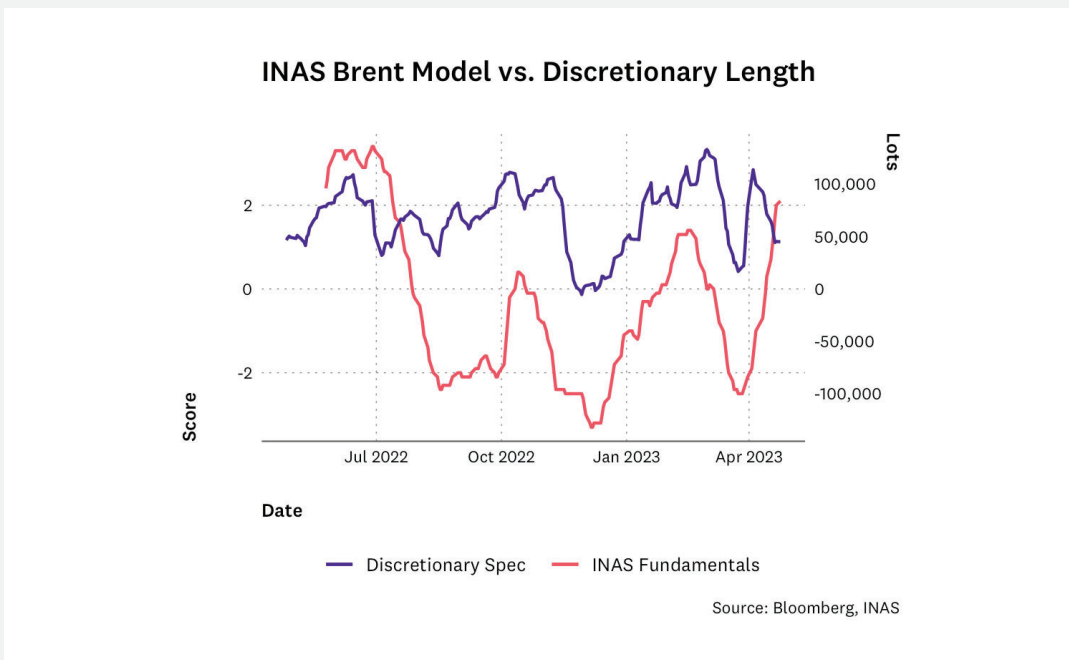
Discretionary speculative traders tend to keep positions for longer, but can have very large quick swings when fundamentals change



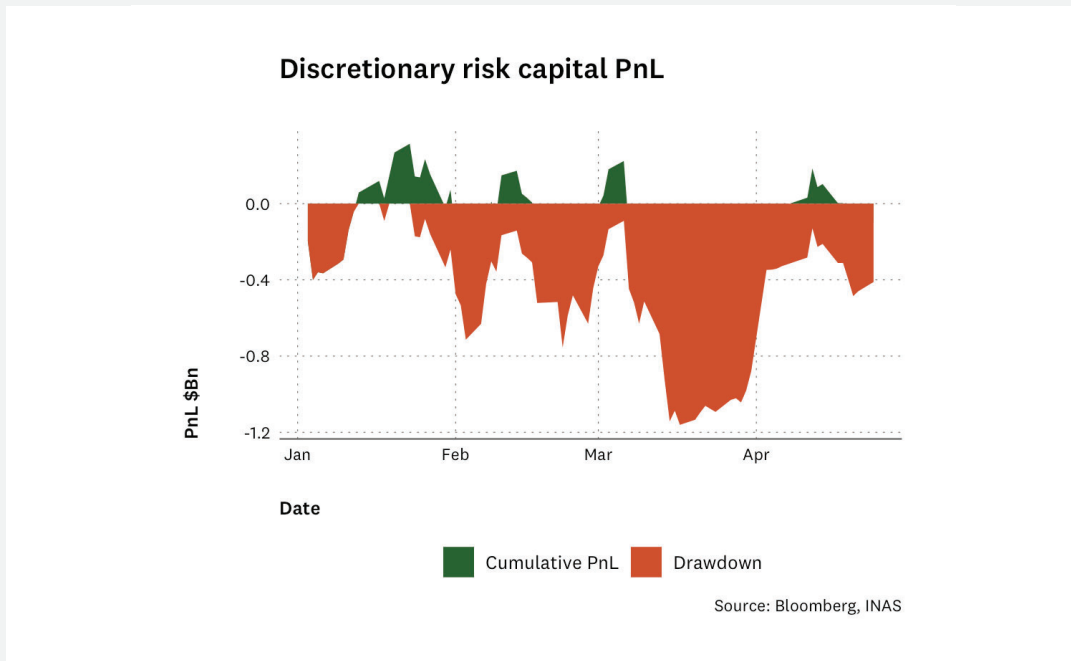
Discretionary traders have been using more and more risk in recent years, but often hit constraints



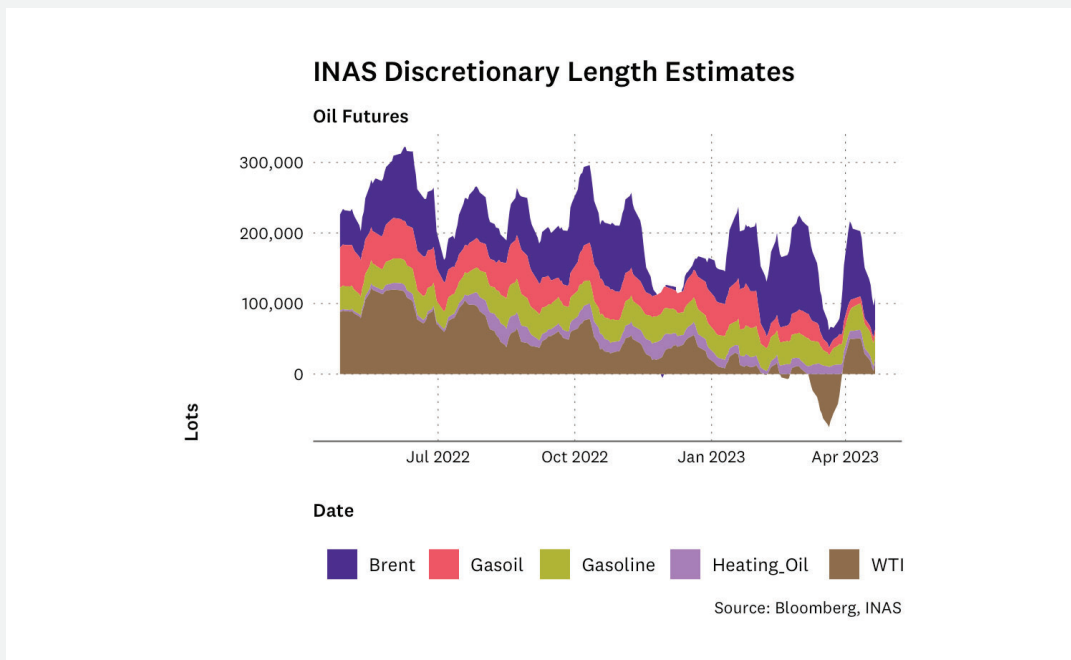
Fundamentals tend to lead discretionary positioning, and when positions do not track, we tend to end up with large repricings



Drawdowns and risk limits are now also a key factor, especially with a lot of commodity risk capital sitting in multi platform funds



Across the oil complex discretionary speculative capital has been in decline, despite volatility falling



Q&A