

MERCURIA

Recent Oil Market Volatility

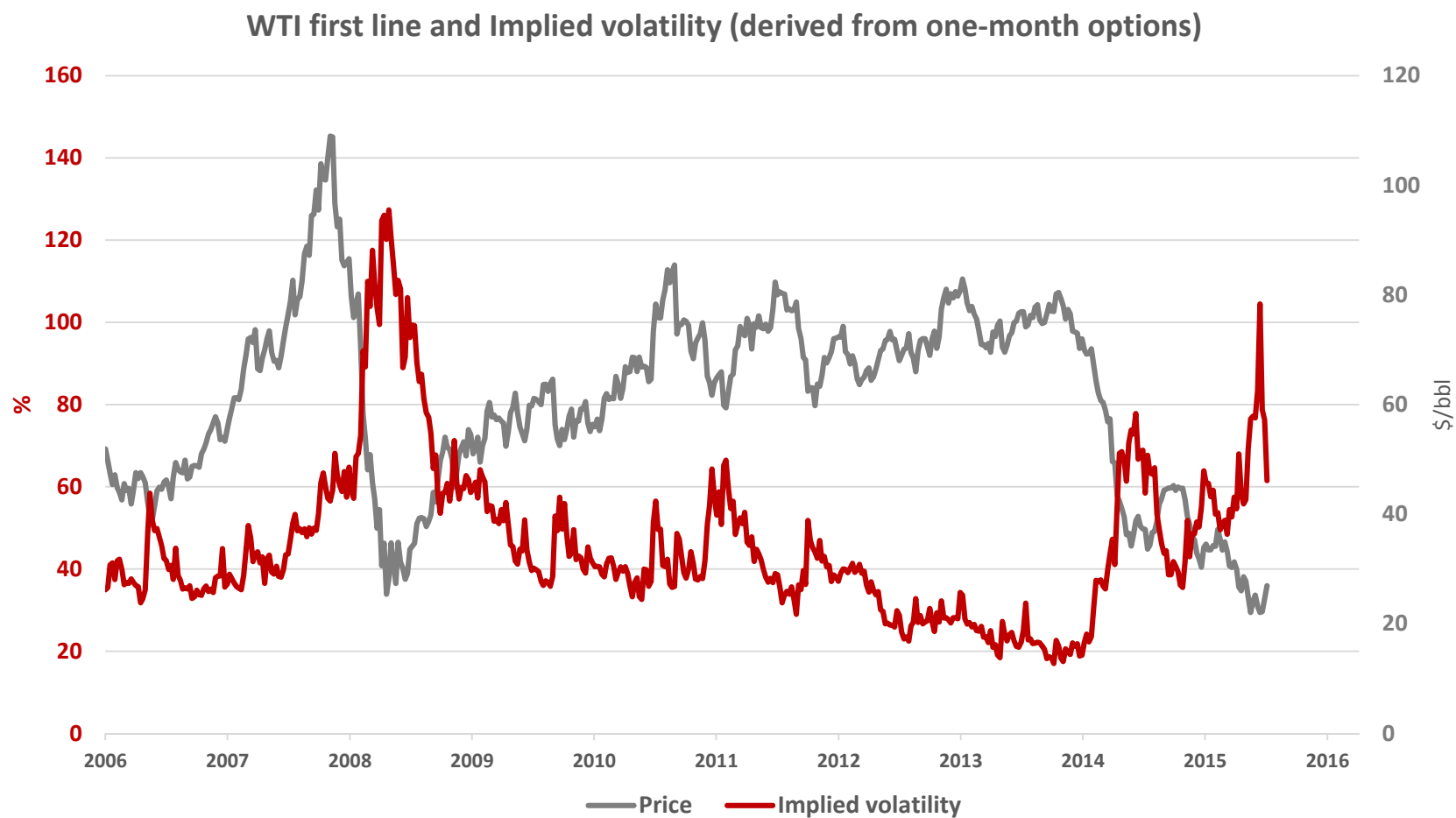
Kurt Chapman

5th Joint IEA-IEF-OPEC Workshop

Vienna

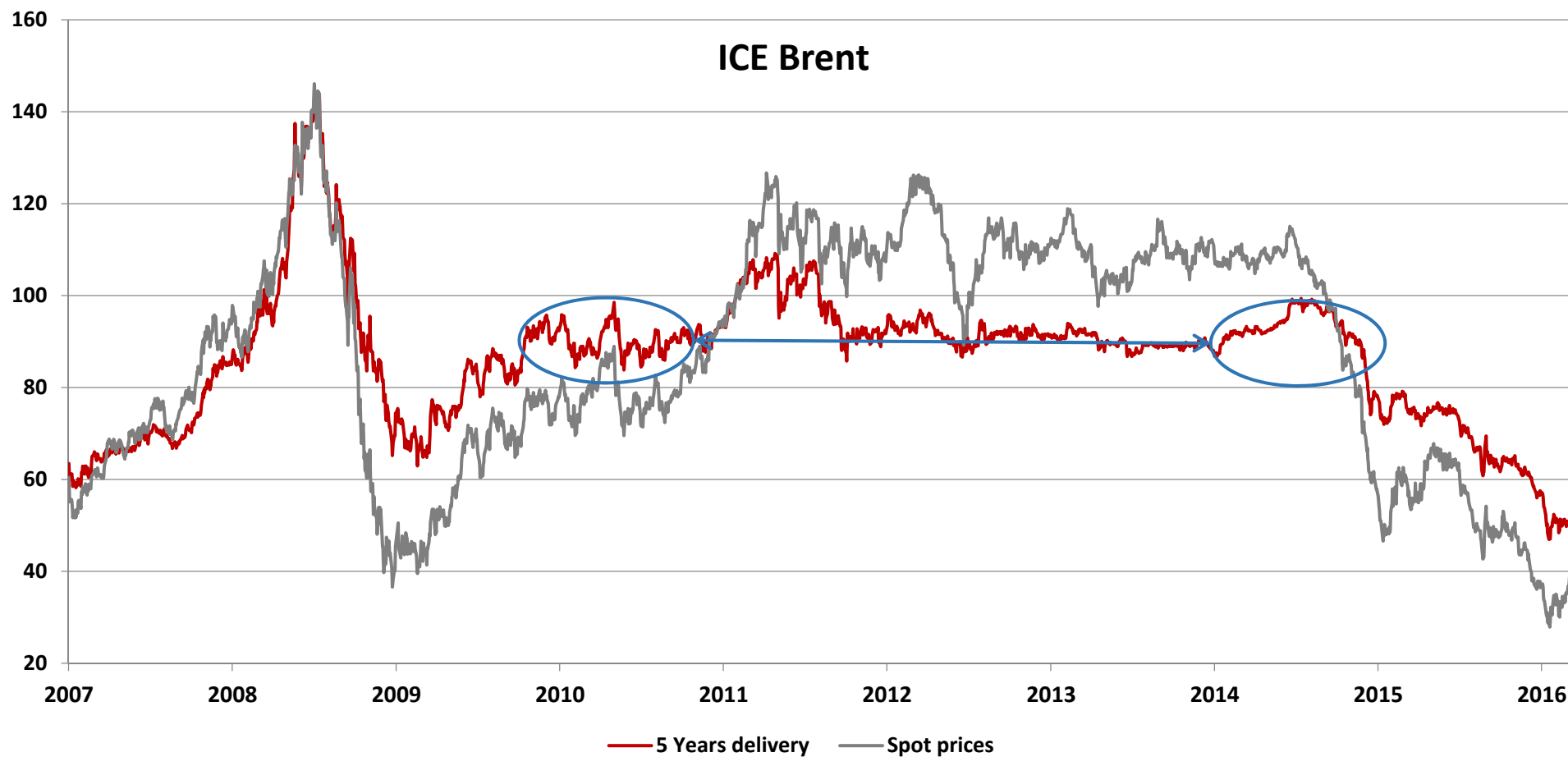
15 March 2016

Prices and volatility



Volatility as a percentage increases in lower price environment

Forward markets are unsettled



“Whipsaw” effect as markets absorb producer hedging flows versus high stock reality

Fewer restrictions on physical markets

- OPEC ends market management
- Repeal of the US crude export ban

Regulatory controls

- Higher capital requirements
- Banks exit proprietary trading
- Impact on hedging liquidity

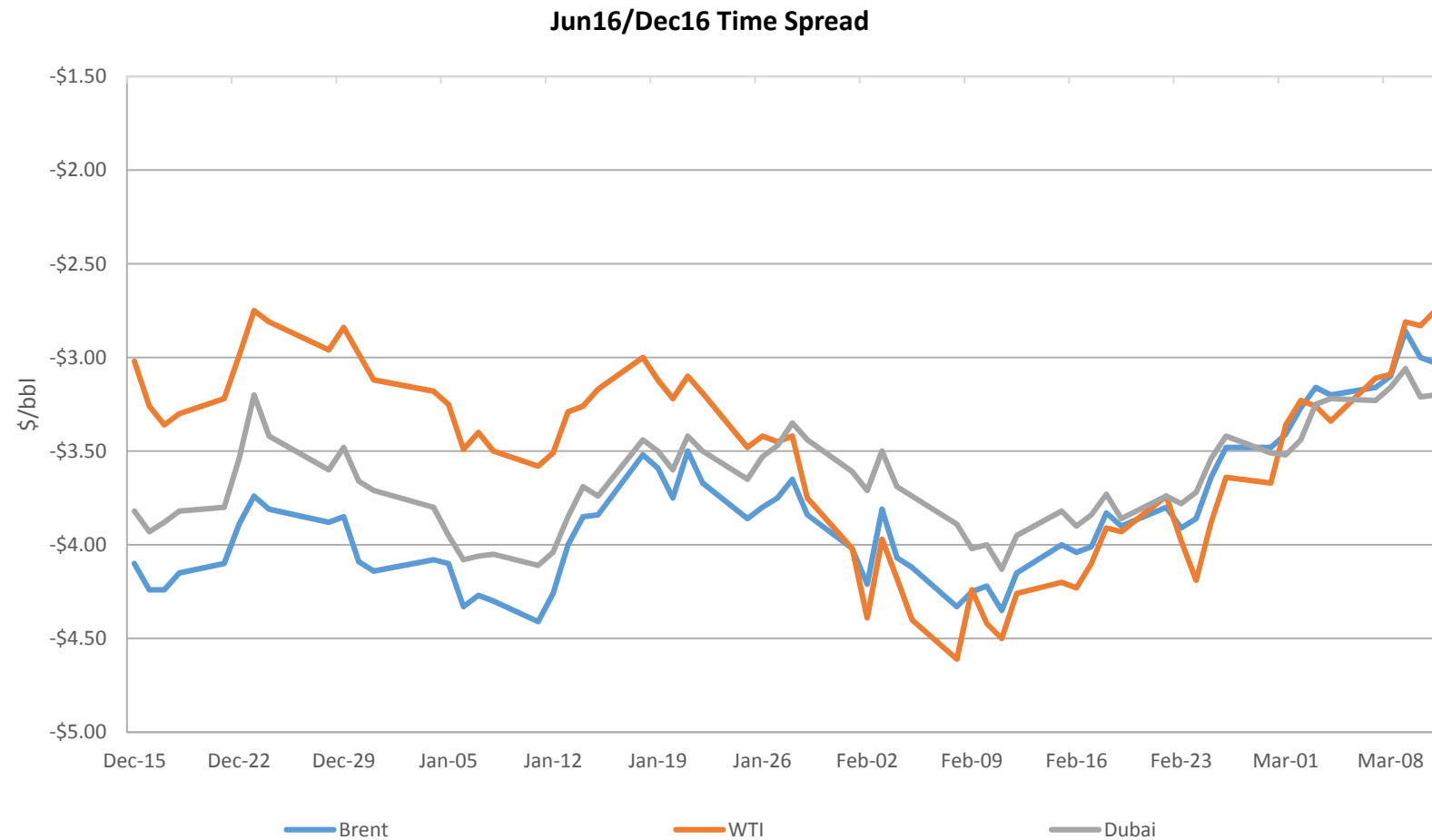


More volatility

Geopolitical/economic uncertainty

- Low interest rates
- China de-leveraging
- Fractious political environment

Repeal of US crude export ban



Benchmark time spreads have converged for the moment