



**IEA-IEF-OPEC technical meeting on interactions between
physical/financial energy markets
Vienna, 30 March 2015**

Session I: Volatility patterns in commodity assets including oil

Moderator:

- David Fyfe, Head of Market Research & Analysis, Gunvor Group Ltd

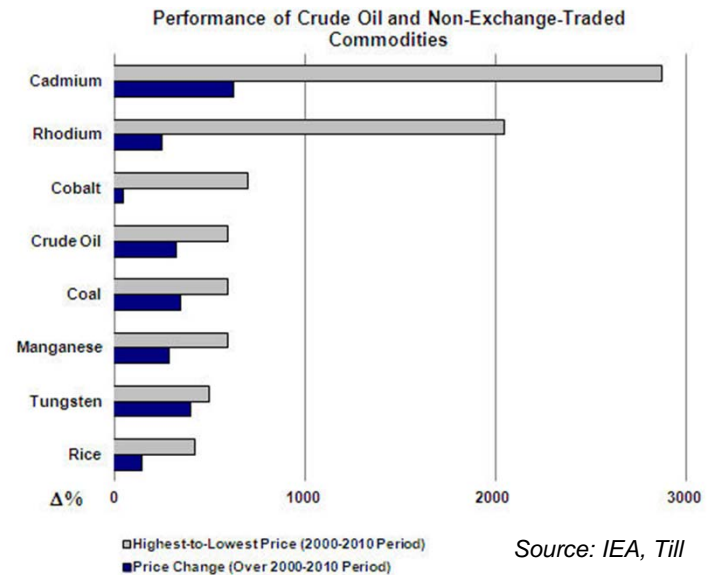
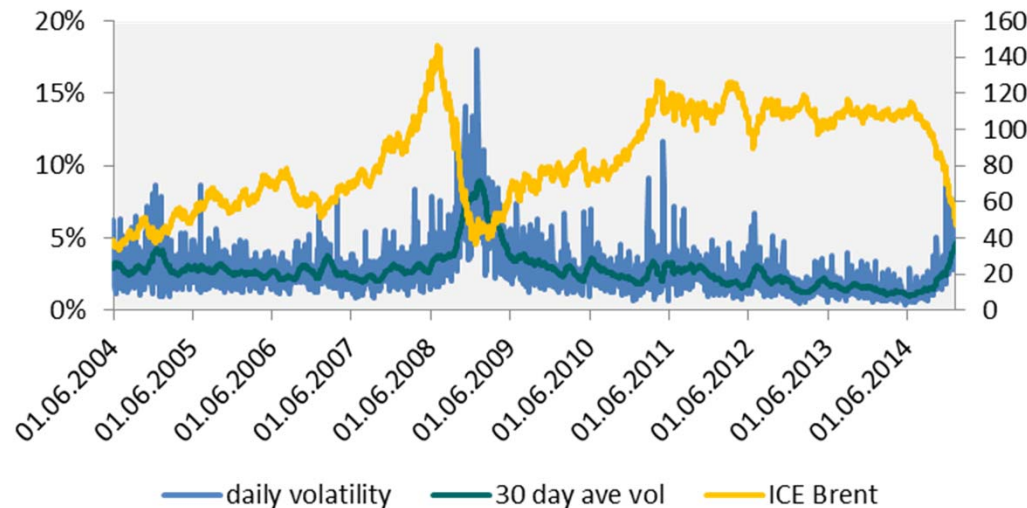
Speaker:

- Paul Horsnell, Head of Commodity Research, Standard Chartered Bank

GLOBAL COMMODITIES TRADING

Commodity market volatility: scene setter

ICE Brent and daily/30 day volatility



1. Inelastic supply & demand make commodity prices inherently volatile
2. But, 30 day rolling average volatility breached 5% twice in last decade - early-2009 and early-2015 - both coinciding with sharp *falls* in crude prices
3. Different definitions of volatility – economists/market participants and policy makers (2004-08 saw *high and rising prices, not notably volatile prices*)
4. Greater consensus on rel. contributions of physical & paper to volatility?
5. Does *short term* volatility matter – does it adversely affect investment?