

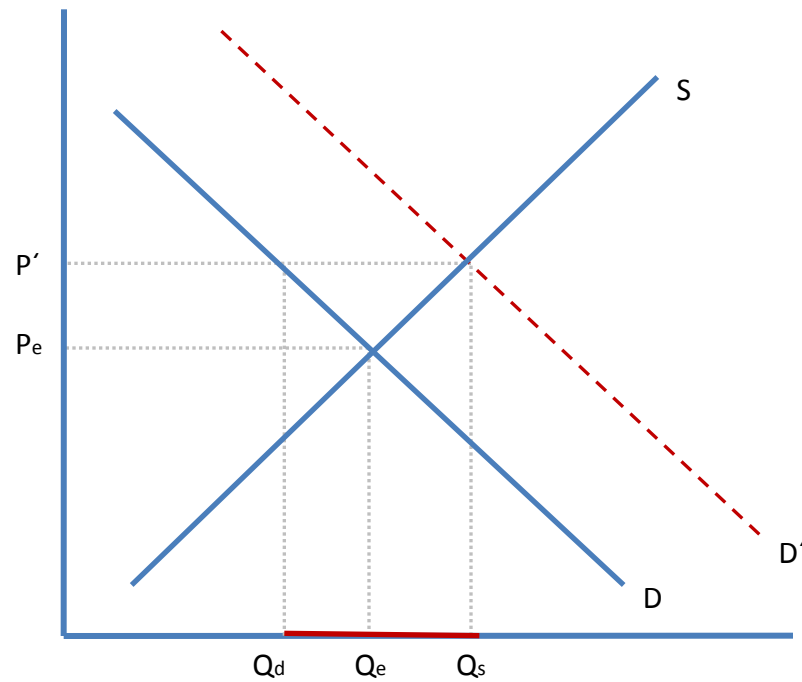
Effects of Long Only Strategies on Oil Markets

Jim Colburn

MF Global

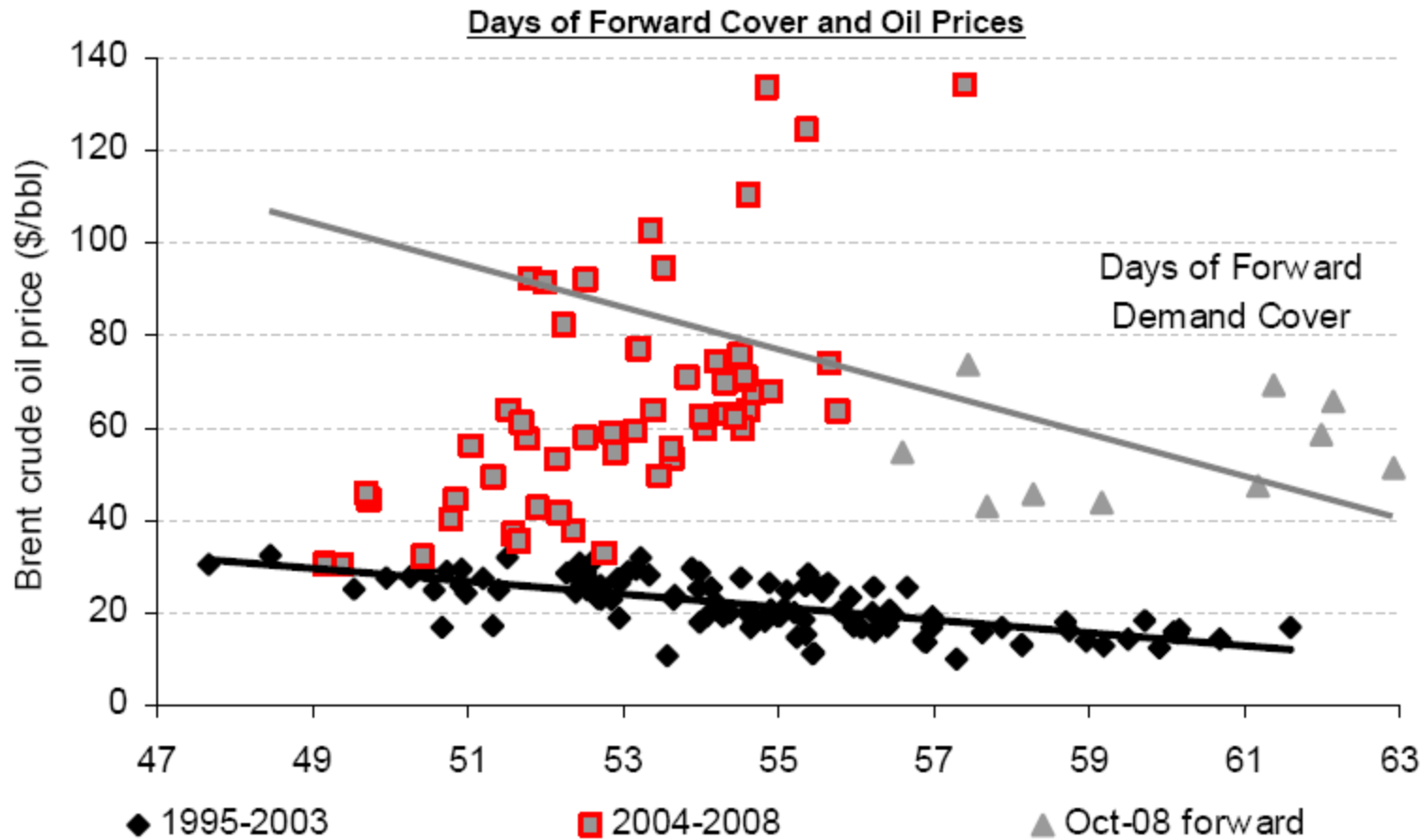
April 2011

ECON 101



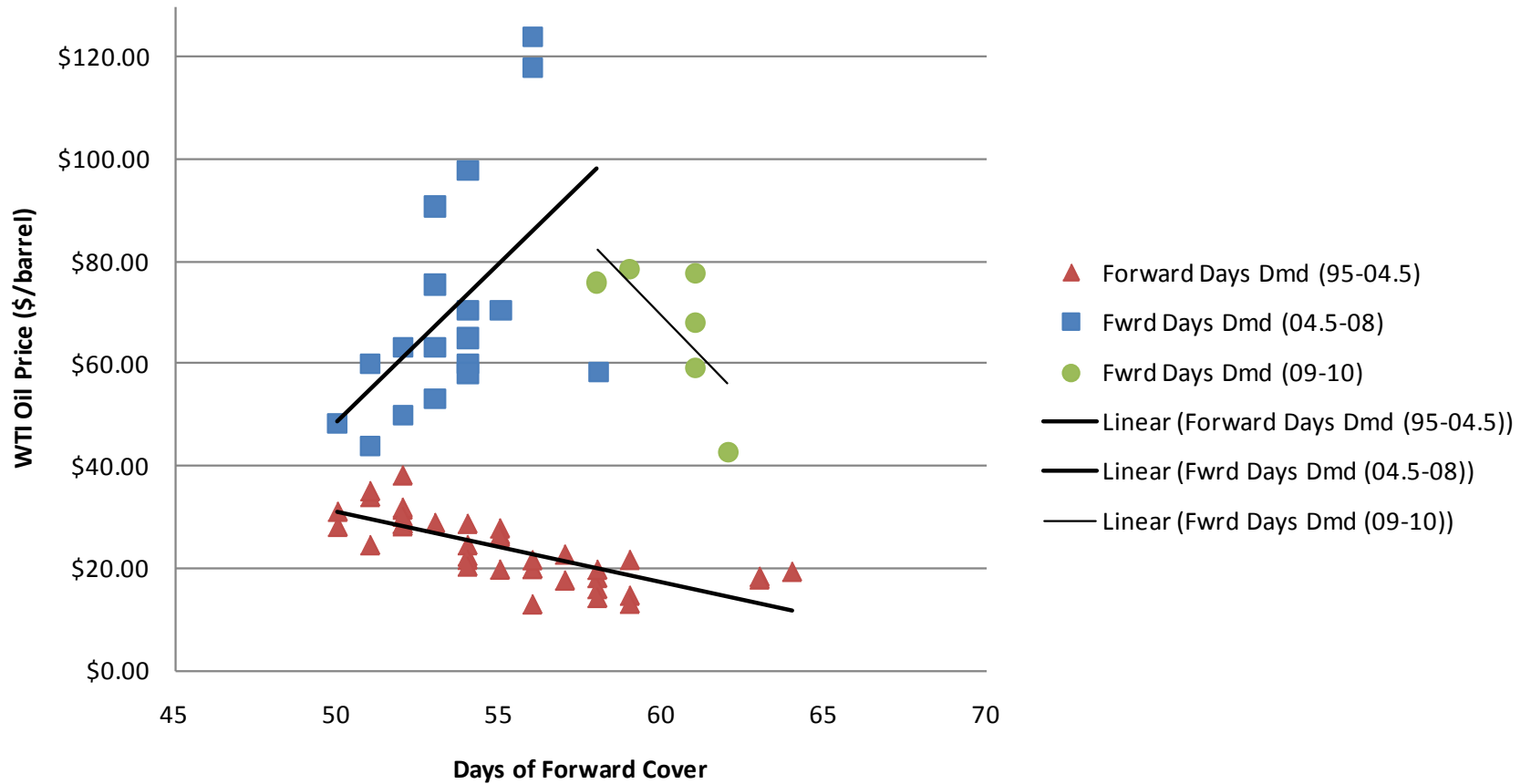
$$Q_s - Q_d = Q_{\text{stored}}$$

Are there “New Fundamentals” at work?

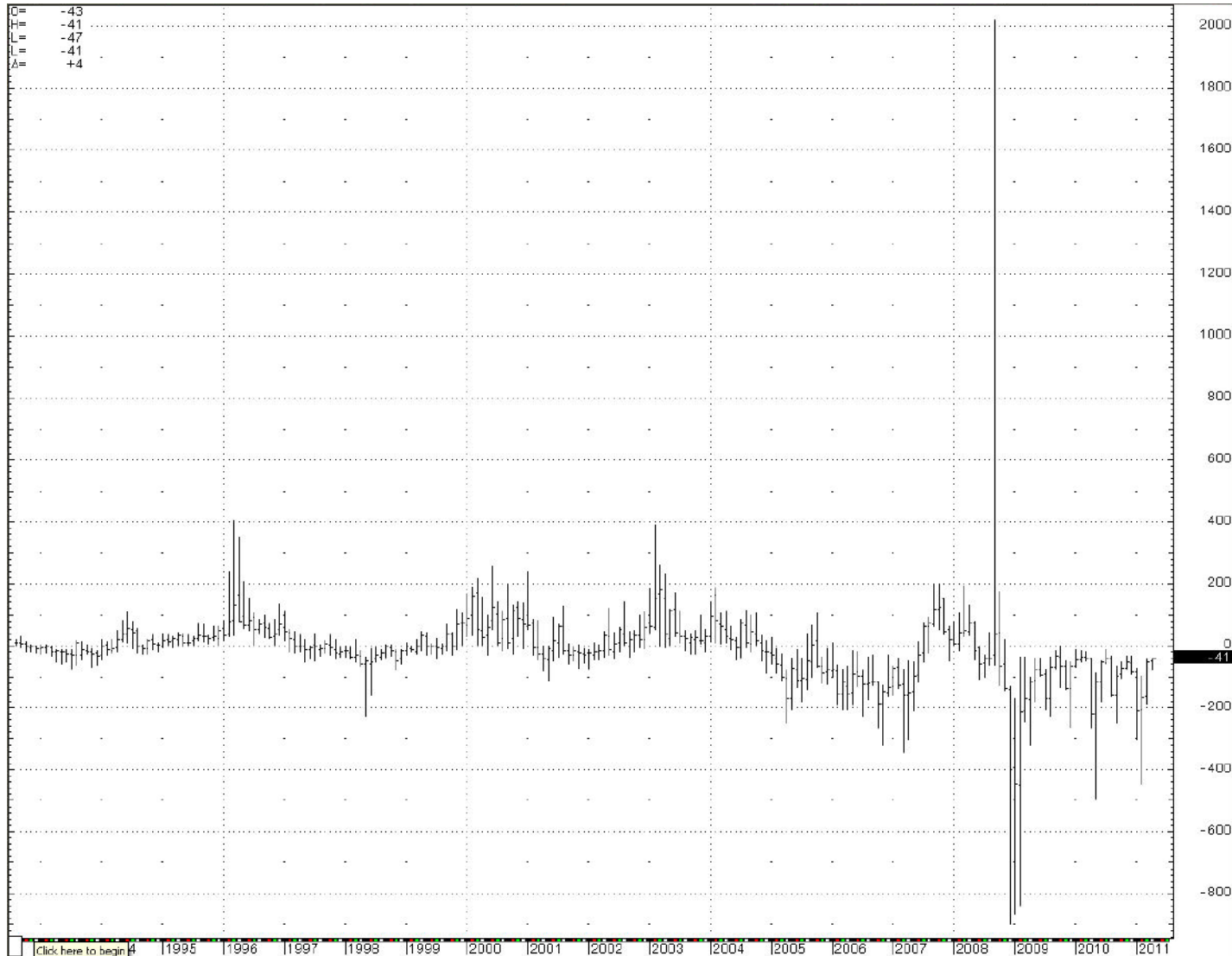


Source: IEA, DB Global Markets Research

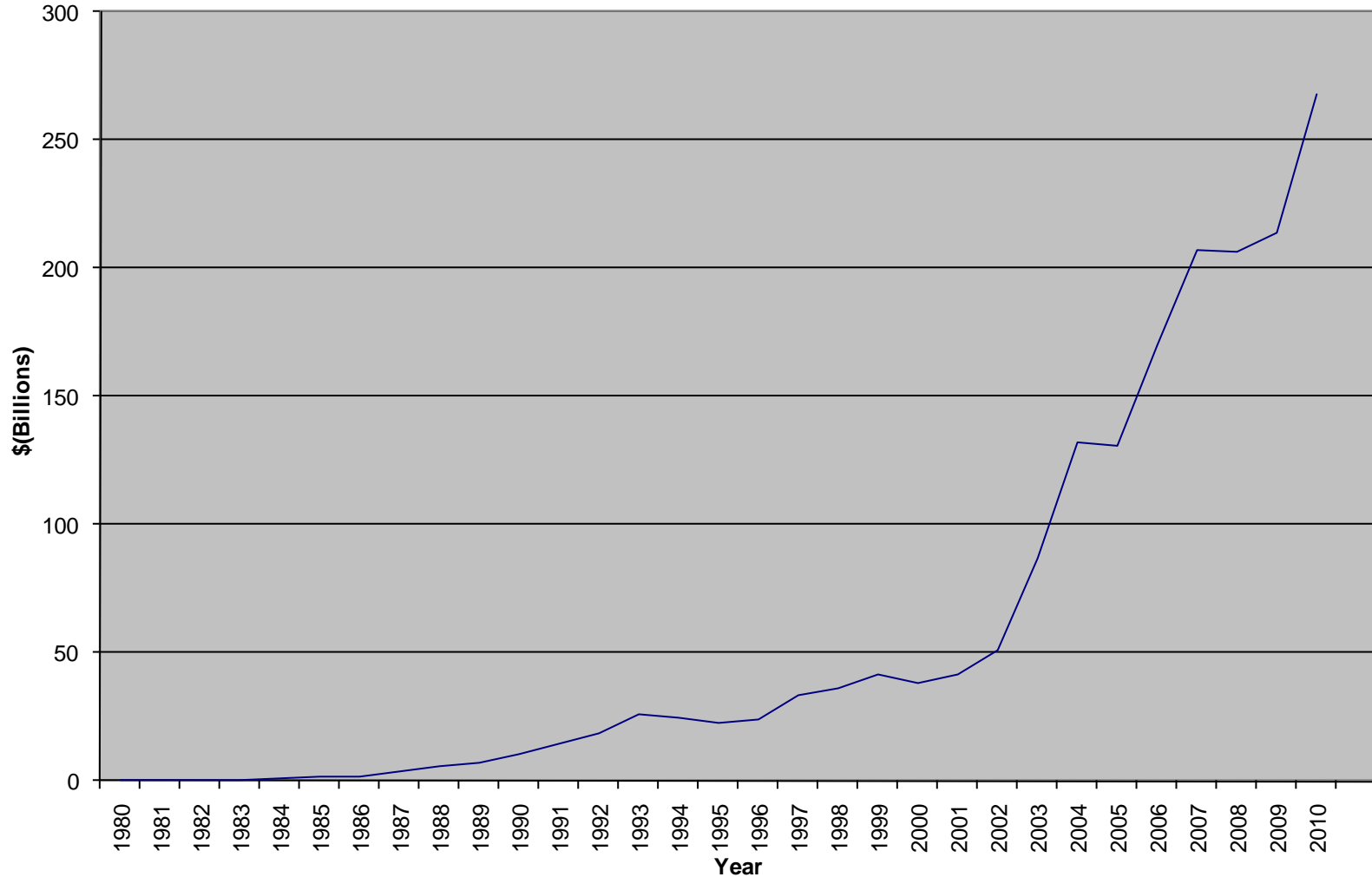
Days of Forward Cover and Oil Price



WTI Crude Spread (First – Second Month)



Futures Money Under Management



CFTC Index Investment Data In U.S. Dollars and Futures Equivalent Contracts

U.S. Futures Market ¹ (Notional Value > 0.5 billion US\$) ²	February 28, 2011					
	Notional Value (Billions US\$)			Futures Equivalent Contracts ³ (Thousands)		
	Long	Short	Net L (\$)	Long	Short	Net L (\$)
Cocoa	2.1	(0.8)	1.3	57	(21)	36
Coffee	7.2	(2.5)	4.7	71	(25)	46
Copper	11.3	(3.1)	8.2	100	(28)	73
Corn	23.4	(7.9)	15.6	661	(219)	443
Cotton	8.9	(3.4)	5.6	98	(36)	62
Feeder Cattle	0.9	(0.3)	0.6	14	(4)	10
Gold	21.3	(4.7)	16.7	151	(33)	118
Heating Oil	11.6	(2.2)	9.4	93	(18)	76
Lean Hogs	5.0	(1.3)	3.7	138	(37)	100
Live Cattle	8.7	(2.4)	6.3	191	(53)	137
Natural Gas	20.7	(4.2)	16.5	499	(103)	396
Platinum	0.7	(0.1)	0.5	7	(2)	6
RBOB Unleaded Gas	11.6	(2.1)	9.5	96	(17)	79
Silver	7.4	(1.6)	5.8	44	(10)	34
Soybean Meal	0.9	(0.2)	0.7	24	(5)	19
Soybean Oil	5.0	(1.5)	3.5	145	(45)	101
Soybeans	19.0	(6.1)	12.9	279	(90)	189
Sugar	11.3	(3.6)	7.6	351	(110)	241
Wheat (CBOT)	15.2	(6.6)	8.6	366	(161)	206
Wheat (KCBT)	2.2	(0.9)	1.4	49	(19)	30
WTI Crude Oil	66.2	(18.9)	47.3	673	(193)	479
Subtotal (>0.5 billion US\$)	260.7	(74.4)	186.3			
Subtotal (<0.5 billion US\$)	1.1	(0.3)	0.8			
Total Notional US Mkts	261.8	(74.6)	187.1			
Total Not! Non-US Mkts	61.0	(15.4)	45.6			
Total All Markets	322.7	(90.0)	232.7			

¹ Each listed U.S. futures market includes index investment for all futures and OTC markets related to or referenced to that U.S. futures market. For example, the U.S. market listed as "WTI Crude Oil" includes (with the NYMEX's Light "Sweet" crude oil futures market) investments held in the NYMEX "Crude Oil Financial" market and the ICE Futures-Europe WTI Light Sweet crude oil market, because both of those contracts' settlement prices are determined by reference to the NYMEX Light "Sweet" crude oil futures contract.

² US Futures Markets with greater than 0.5 billion US dollars in reported net index investment notional value at the end of at least one of the past four quarters.

³Futures Equivalent Contracts: Futures plus delta-adjusted options, estimating what Futures Contracts would have been established absent offsets.

Average Daily Spread Options Volume

First Month/ Second Month

Q1 2011	Q1 2010	Change (%)
14,913	8,101	+84.1%