



Update from the Research Director of the J.P. Morgan Center for Commodities

Jian Yang, Ph.D., CFA

J.P. Morgan Endowed Research Chair, JPMCC Research Director, and Professor of Finance and Risk Management, University of Colorado Denver Business School



University of Colorado Denver Chancellor **Dorothy Horrell**, Ph.D., graciously provided closing remarks at the JPMCC's 3rd Annual International Commodities Symposium on August 13, 2019, which was followed by CU Denver Business School Interim Dean **Gary Colbert**, Ph.D. (in background) initiating the symposium's award ceremony. *We are very grateful to CU Denver's senior leadership team for their support of the JPMCC and its international commodities symposium.*

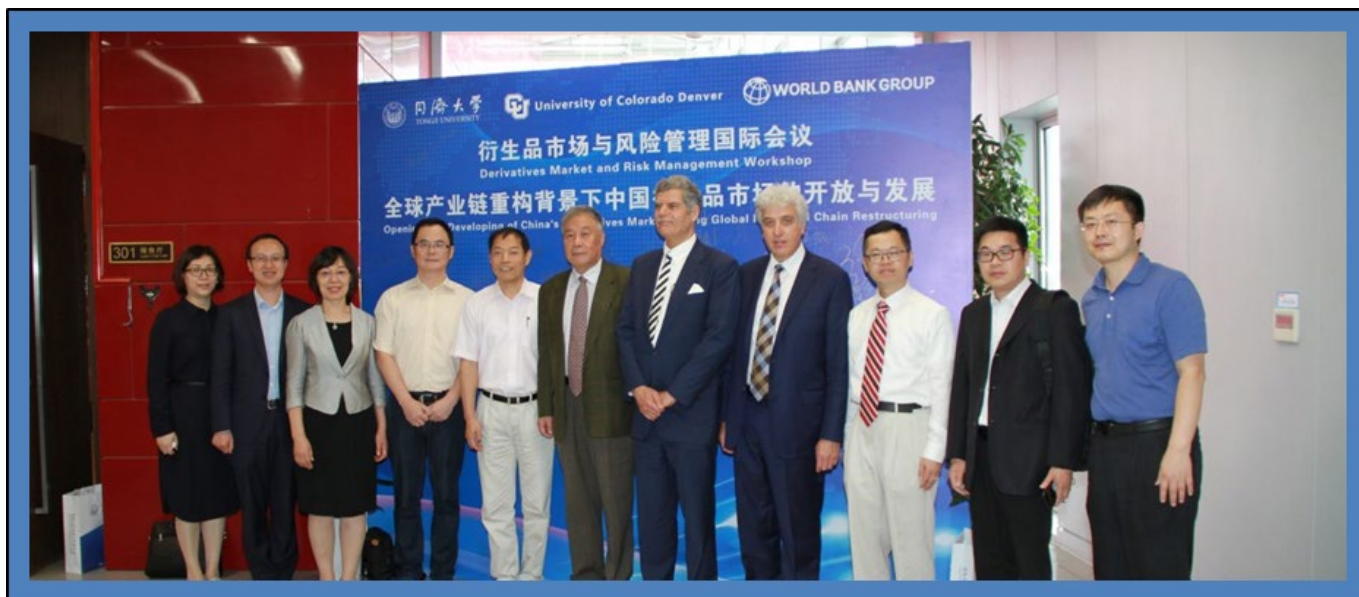
In this report, the JPMCC's Research Director will provide updates on the Center's research activities from January 2019 through August 2019 with the focus on two international commodities conferences organized or co-organized by the Research Director on behalf of the JPMCC.

Highlights of the First International Commodities Conference Co-organized by the JPMCC Outside the U.S.

On July 3, 2019, serving as one of the two conference co-chairs, the J.P. Morgan Endowed Chair and Research Director represented the J.P. Morgan Center for Commodities in successfully co-organizing the "International Conference on Derivatives Market and Risk Management" in Shanghai, China, together with Tongji University in China (School of Economics and Management and Shanghai Futures Institute) and the World Bank. *Funding was entirely provided by the local host and sponsors in China.* This conference attracted more than 200 participants from several countries with most of the audience being



industry professionals from finance and energy companies working in China and the rest being university professors and students.



Some of the speakers at the July 2019 “International Conference on Derivatives Market and Risk Management” in Shanghai, China are included in this photograph. The speakers with a JPMCC affiliation are **Dr. Robert Webb**, Ph.D., University of Virginia; and Editor of the *Journal of Futures Markets* (fifth from right); **Dr. John Baffes**, Ph.D., of the World Bank (fourth from right); and **Dr. Jian Yang**, Ph.D., CFA, of the University of Colorado Denver Business School (third from right). Dr. Webb is a member of the JPMCC’s Research Council, and Dr. Baffes is a member of the JPMCC’s *Global Commodities Applied Research Digest* Editorial Advisory Board. Dr. Yang, in turn, is the J.P. Morgan Endowed Chair as well as the JPMCC’s Research Director.

Based on his most recent research project, the JPMCC’s Research Director also delivered a keynote presentation at the Shanghai conference on the first active contract of China’s oil futures market launched in March 2018. This research compared China’s oil futures contracts against the most actively traded contracts in the world during the same period and showed that the new contract had good liquidity with drastic improvements over a short period of time, as covered in Dou (2019). The research concluded that although China’s oil futures market faces many structural challenges, it was responsive to market fundamentals and can have a noticeable impact on international futures oil trading.

This is the first time the J.P. Morgan Center for Commodities has organized an international conference/workshop hosted outside the United States. Almost all major financial news media outlets in China covered the event and/or the Research Director’s keynote speech on China oil futures. There are at least 10 media articles in both Chinese and English that have been published, featuring the JPMCC and the Research Director in such newspapers as *Economic Daily* (of the State Council of China), *China Securities Journal*, *Yicai Global*, *Shanghai Securities News*, *Securities Times*, *China Chemical Industry News*, and *Futures Daily*. Several media articles including *Economic Daily* in Chinese and *Yicai Global* in English provided an exclusive report on the Research Director’s keynote speech.



Clearly, the capacity to organize an influential workshop with excellent attendance and international news coverage in the world's second largest economy (China) is an impressive display of the JPMCC's credibility as a global commodities research leader.

Highlights of the JPMCC's 3rd Annual International Commodities Symposium

The JPMCC organized the 3rd Annual International Commodities Symposium at the University of Colorado Denver Business School on August 12 through August 13, 2019.



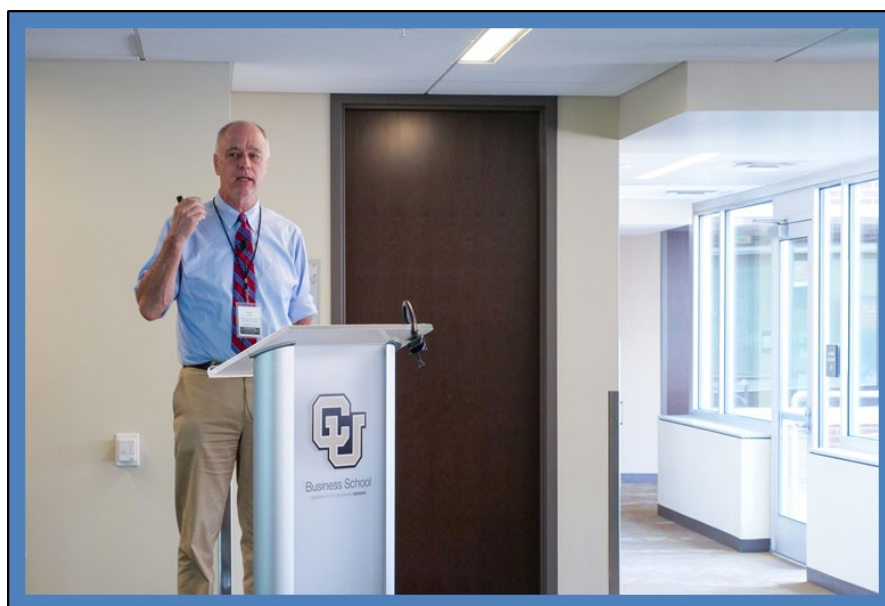
Dr. Jian Yang, Ph.D., CFA, J.P. Morgan Endowed Research Chair, JPMCC Research Director, and Professor of Finance and Risk Management at the University of Colorado Denver Business School, provided an overview of the conference at the outset of the JPMCC's 3rd Annual International Commodities Symposium on August 12, 2019.

We were very fortunate to have two wonderful keynote speeches at the symposium. Dr. K. Geert Rouwenhorst, Robert B. and Candice J. Haas Professor of Corporate Finance and a former deputy dean at Yale School of Management, shared his historical and analytical insights on the functioning of commodity futures markets with a lecture on "The Commodity Risk Premium: 1870-2019." Dr. Rouwenhorst is also the JPMCC's Distinguished Visiting Fellow in 2019 and a member of the JPMCC's Research Council.



Dr. K. Geert Rouwenhorst, Ph.D., CFA, Robert B. and Candice J. Haas Professor of Corporate Finance, Yale School of Management, provided a keynote address during the JPMCC’s 3rd Annual International Commodities Symposium.

In addition, Dr. Frank A. Wolak, Holbrook Working Professor of Commodity Price Studies, Stanford University, and the National Bureau of Economic Research, delivered a keynote speech on “The Benefits of Purely Financial Participants in Commodity Markets.” Dr. Wolak’s speech was also livestreamed.



Dr. Frank A. Wolak, Ph.D., Holbrook Working Professor of Commodity Price Studies, Stanford University, also provided a keynote address during the JPMCC’s 3rd Annual International Commodities Symposium.



The symposium's Best Paper was awarded to both Dr. Thibault Fally and Mr. James Sayre of the University of California, Berkeley, for their paper, "Commodity Trade Matters." Their paper was selected by the symposium's Best Paper Award Selection Committee, chaired by Dr. James Hamilton, Professor of Economics at the University of California, San Diego. In addition, Dr. Ryan A. Decker at the Federal Reserve Board and Professor Craig Pirrong at the University of Houston were selected to receive the Best Discussant Awards. Professor Craig Pirrong also serves on the JPMCC's Research Council. Congratulations to this year's award winners!



Dr. Craig Pirrong, Ph.D., Professor of Finance and Energy Markets Director for the Global Energy Management Institute at the Bauer College of Business, University of Houston, participated as a discussant and co-author during the JPMCC's 3rd Annual International Commodities Symposium.

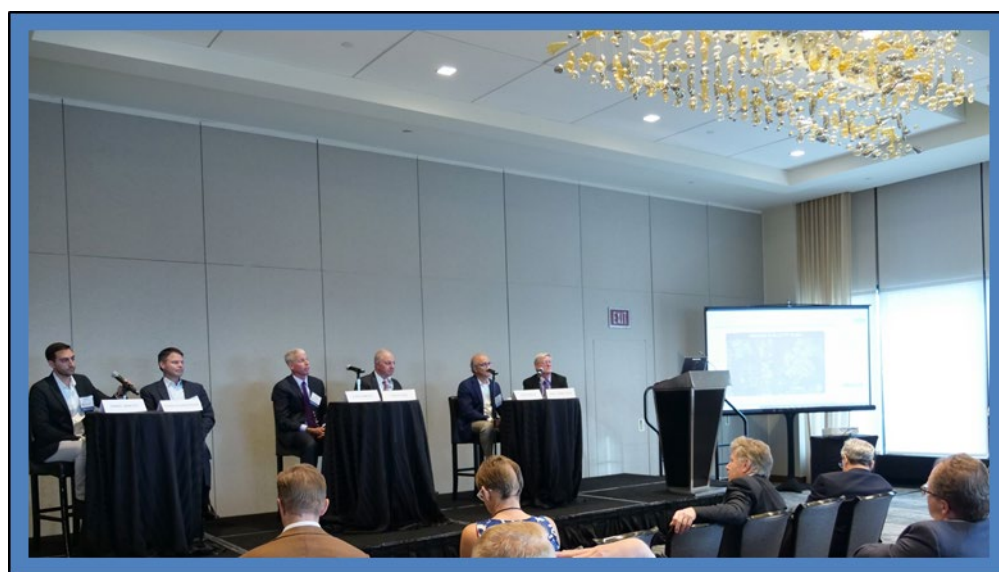
As the organizer and program committee chair, the Research Director is very pleased to see that the 2019 symposium continued to experience significant growth in both the conference program and attendance. There was greater support from participants along with even more positive feedback, all of which has enhanced the conference's reputation.

Compared with last year, the conference program this year was restructured to substantially increase (by about 50%) the number of contributors to the program in 10 sessions (6 paper sessions, 1 poster session, and 3 industry panels.) In addition, we added a new feature in having a joint energy panel with the CFA Society of Colorado (CFACO). We also included a poster session for the first time. As a result, the total number of attendees was over 140 (versus fewer than 100 in the last two years.)



The symposium attracted the most international attention since its inception two years ago. Academic scholars from 13 countries (Argentina, Australia, Canada, Chile, China, Denmark, France, Germany, India, Singapore, Spain, the U.K., and the U.S.) submitted their research work for presentation at the symposium. In addition, academic and industry professionals from 11 countries (Argentina, Australia, Canada, China, Germany, Poland, Netherlands, Singapore, Spain, the U.K., and the U.S.) attended the symposium.

Additionally, the joint panel with the CFA Society of Colorado showcased energy leaders, including from Colorado. The panel addressed key energy issues, which are important to Colorado and beyond, both from an industry standpoint and policy perspective; and we are happy to note that the CFA Institute covered the event in their magazine, *Connexions*. We also gratefully thank Invesco for sponsoring this event during our symposium.



Participating in the joint panel on energy with the CFA Society of Colorado (from left to right) were Daniel Baruch, Director, Global Energy Markets & Business Development, Ursa Space Systems, Inc.; Charles Anderson, Client Portfolio Manager, SteelPath midstream energy investment team; Chris Wright, CEO & Chairman, Liberty Oilfield Services; Tom Petrie, Petrie Partners; Dave Neslin, Davis Graham & Stubbs LLP; and Paul Teske, Ph.D., Dean of the University of Colorado Denver School of Public Affairs (moderator).

The symposium benefited from much greater support from participants than previously. Top academic scholars have continuously contributed to the conference program, including chair professors or senior professors from Yale, Stanford, MIT, and UC-Berkeley, and distinguished scholars (e.g., Canadian Research Chair) from top non-U.S. universities such as Tsinghua University and HEC Montreal.

The 2019 symposium also received significantly stronger support from policy researchers with managerial/administrative responsibilities, whom in turn contributed to or attended the event. A partial list of this year's participants includes the Commodity Chief of the International Monetary Fund, a Federal Reserve Board Assistant Director, the Associate Director of the Commodity Futures Trading Commission's Chief Economist Office, a Senior Economic Policy Advisor at the Federal Reserve Bank of



Dallas, the Associate Deputy Director of the U.S. National Renewable Energy Laboratory, a former Chief International Economist at the White House Council of Economic Advisers, a former Undersecretary of State in the Ministry of Finance in Poland, and officials from the U.S. Energy Information Administration.



Dr. Abhishek Deshpande, Ph.D., Executive Director, Head of Global Oil Market Research & Strategy, J.P. Morgan, participated in an industry panel on the commodities markets during the JPMCC's 3rd Annual International Commodities Symposium. Dr. Abhishek also generously contributed an article to this issue of the *GCARD* on topics related to his presentation.

In addition, the 2019 symposium had greater participation from leading industry practitioners with managerial responsibilities (e.g., managing directors, executive directors, vice presidents, and senior managers) from over 50 international and local companies (including companies attending the JPMCC-CFACO panel.) A representative list includes J.P. Morgan, the CME Group, CoBank, Robert Bosch GmbH (a German-based Fortune Global 100 company), Uniper (a German-based Fortune Global 100 company in the energy markets), JBS (a Brazilian-based Fortune Global 200 company in the meat-processing industry), KGHM (a Polish multinational corporation that mines copper and silver), Morningstar, APG Asset Management (a major asset manager for pension funds in Europe), Encana Oil and Gas, Ardent Mills (North America's leading flour supplier), Janus Henderson Investors (a leading global active asset manager), Johns Manville (a wholly-owned subsidiary of Berkshire Hathaway), and CEOs and C-suite executives from several Colorado-based companies, among others. We are also very grateful for the support of J.P. Morgan (and our Advisory Council Chair) for sending the firm's Head of Global Oil Market Research & Strategy to contribute to the conference program.

The symposium this year also greatly benefited from strong support from many professors including several department chairs and chair professors at several other major research universities in the Front



Range region, including CU Boulder, Colorado State University, Colorado School of Mines, University of Denver, and University of Wyoming.

Finally, we are very pleased to hear of the positive feedback regarding the 2019 symposium, which reinforces the reputation of the symposium as an international premier commodity conference. As detailed in Robinson (2019), both top academic scholars (e.g., Professor K. Geert Rouwenhorst, a Chair Professor of Finance at Yale School of Management) and leading industry practitioners (e.g., Dr. Bluford Putnam, Chief Economist & Managing Director at CME Group) praised the 2019 symposium as very unique compared to other conferences in (a) its focus on the common interests of both academics and practitioners, (b) the great caliber of academic presenters and industry panelists, and (c) the close interactions between the two groups. (Robinson (2019) was republished in the newsletter, *CU Connections*, which reaches over 100,000 students and employees of the CU system.)



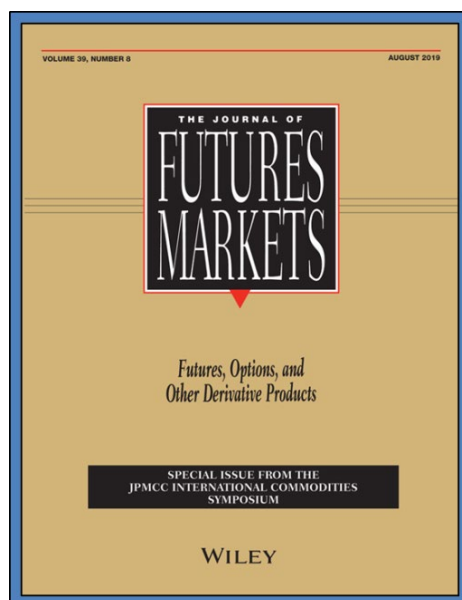
Dr. Bluford Putnam, Ph.D., the Chief Economist of the CME Group, answers a question during a commodity industry panel at the JPMCC's 3rd Annual International Commodities Symposium. Joining Dr. Putnam during the panel discussion were (from left-to-right) Dr. Karl Skold, Head of Agricultural Economics, JBS; Mr. Lance Titus, Managing Director, Uniper Global Commodities; and Ms. Julie Lerner, Chief Executive Officer, PanXchange. Dr. Putnam is a member of both the JPMCC's Research Council and Advisory Council and has also generously contributed an article to this issue of the *GCARD* on his panel presentation. Mr. Titus, in turn, is also a member of the JPMCC's Research Council, Advisory Council, and the *GCARD*'s Editorial Advisory Board.

Continuing last year's initial effort of having both local and international media cover the symposium, and with much assistance provided to the media and particularly to the Chinese press, we thus far expect (at least) six articles on the 2019 symposium in both the English and Chinese press. These include the article in the CFA Institute's magazine along with four pieces published in *Asian Avenue Magazine* (Chen, 2019a, 2019b), *Economic Daily*, and *Futures Daily*, with an additional lengthy article scheduled to be published in *China Futures Magazine*. The latter article will extensively share research insights of



many of the presenters at the symposium. We are particularly excited about having coverage of the 2019 symposium from *Economic Daily* (经济日报), which is the only newspaper sponsored by the State Council of China and which has about 1 million in circulation. Undoubtedly, the media coverage has increased the visibility of the symposium and the brand awareness of the JPMCC to the greater business community beyond Denver and even the U.S.

There will also be a special issue for the 2019 symposium, sponsored by the prestigious *Journal of Futures Markets* (*JFM*), which will add to the visibility and reputation of the symposium within the academic world. Of note is that the *JFM*'s special issue on last year's JPMCC symposium was published online in August 2019.



In August 2019, the *Journal of Futures Markets* (*JFM*) featured a special issue of select papers from the JPMCC's 2018 International Commodities Symposium. The *JFM* will do so again next year with top papers from the 2019 symposium. We are grateful to Dr. Robert Webb, the Editor of the *JFM*, for this recognition of the quality of the papers at the JPMCC symposiums.

With the support of both academic and industry leaders, we hope that the JPMCC symposium is well along in advancing toward the goal that the "J.P. Morgan Center for Commodities brings international attention to Denver for commodity expertise" (Chen, 2019a). We look forward to working with more of our colleagues from academia and industry to make the event even better next year! Please feel free to contact me if you have insightful suggestions at jian.yang@ucdenver.edu.

References

CFA Institute, 2019, *Connexions*, "Attracting Attention from the Global Academic Community," September. Accessed via website: <https://connexions.cfainstitute.org/attracting-attention-from-the-global-academic-community> on September 27, 2019.



Chen, J., 2019a, "J.P. Morgan Center for Commodities Brings International Attention to Denver for Commodity Expertise," *Asian Avenue Magazine*, Vol. 14, No. 5, May, p. 10.

Chen, J., 2019b, "3rd J.P. Morgan Center for Commodities International Symposium Brought International Attention to Denver," *Asian Avenue Magazine*, Vol. 14, No. 9, September, p. 27.

Dou, S., 2019, "China's Crude Oil Futures Market Has Outpaced Expectations, Expert Says," *Yicai Global*, July 4. Accessed via website:

<https://yicaiglobal.com/news/china-crude-oil-futures-market-has-outpaced-expectations-expert-says>

on September 2, 2019.

Robinson, K., 2019, "3rd Annual JPMCC International Commodities Symposium Brings Academic and Industry Leaders Together," *CU Denver Business School News*, August 27, which was also republished in *CU Connections*, September 5.

Accessed via website:

<https://business-news.ucdenver.edu/2019/08/27/3rd-annual-jpmcc-international-commodities-symposium-brings-academic-and-industry-leaders-together/>

on September 2, 2019.