



Contributing Editor's Letter

Hilary Till

Solich Scholar, J.P. Morgan Center for Commodities (JPMCC), University of Colorado Denver Business School; and Contributing Editor, *Global Commodities Applied Research Digest (GCARD)*



Ms. Hilary Till, the Contributing Editor of the *Global Commodities Applied Research Digest (GCARD)*, provided an update on the GCARD to the J.P. Morgan Center for Commodities' Advisory Council during the council's meeting on March 8, 2018.

Dear Reader,

Welcome to the fifth issue of the *Global Commodities Applied Research Digest*! The current issue draws from the J.P. Morgan Center for Commodities' (JPMCC's) large body of international experts, whom are affiliated with the center either through the JPMCC's Research Council, Advisory Council, or through the GCARD's Editorial Advisory Board. Consistent with the JPMCC's varied expertise, this issue includes articles that analyze the commodity markets from both fundamental and quantitative perspectives.

In addition, this issue has a special focus on the JPMCC's inaugural international commodity symposium, which was held in August 2017. In future issues of the GCARD, we look forward to covering the second international commodity symposium, which will take place in August 2018. The forthcoming conference is being organized by the JPMCC's Research Director, Professor Jian Yang. (Professor Yang is also the J.P. Morgan Endowed Research Chair.)

This issue of the GCARD is divided into the following seven sections: (1) the Research Council Corner; (2) the Reports on Research Council Meetings section; (3) the Research Digest Articles section; (4) the



Contributing Editor's Collection; (5) the Editorial Advisory Board Contributions section; (6) the Industry Commentary section; and (7) an Interview with a Thought Leader in Commodities.

In this issue's **Research Council Corner**, our authors separately examine macroeconomic risks and complex contract risks. In the former article, Dr. Bluford Putnam of the CME Group assesses the challenges of trade protectionism. In the latter article, Dr. Brock Mosovsky of cQuant.io and Lance Titus of Uniper Global Commodities evaluate the subtle risks embedded in renewable power purchase agreements. Both Dr. Putnam and Mr. Titus are members of the JPMCC's Research Council.



Mr. Lance Titus (left), Managing Director, Uniper Global Commodities, with Mr. Matthew Most, Vice President, Encana, during a panel session at the JPMCC's September 30, 2016 Research Council meeting. Mr. Titus co-authored an article for this issue of the *GCARD*. He is a member of both the JPMCC's Advisory Council and its Research Council and joined the *GCARD*'s Editorial Advisory Board this year.

The **Reports on Research Council Meetings** section covers the JPMCC's August 2017 international commodity symposium, which took the place of the JPMCC's annual Research Council meeting. Our initial coverage of the symposium began in the [Winter 2017 issue](#) with Ms. Jodie Gunzberg of S&P Dow Jones Indices, summarizing her presentation on "[Chinese Economic Growth and Commodity Performance](#)." The current issue of the *GCARD* includes summaries from two additional presenters: Professor Lutz Kilian of the University of Michigan, Ann Arbor, co-authored a digest article, which is based on his keynote presentation on oil prices and the economy, and Dr. Martin Stuermer of the Federal Reserve Bank of Dallas authored a digest article, which is based on his symposium lecture on commodity price booms and busts. Two additional conference participants, Dr. Kaifeng (Kevin) Chen of Hywin Capital Management, LLC and Dr. Keith Black of the Chartered Alternative Investment Analyst Association, along with Ms. Lena Gerber of the University of Colorado Denver, summarize the following



four additional topics that were covered during the conference: (1) the business of rare earth metals; (2) renewable energy public policy; (3) the potential impact of distributed ledger technology on markets; and (4) the connection of China's credit cycle to industrial metals demand. Both Dr. Chen and Dr. Black are members of the *GCARD's* Editorial Advisory Board.



Dr. Kaifeng (Kevin) Chen (left), Ph.D., Chief Strategist, Hywin Capital Management, LLC, in discussion with Dr. Martin Stuermer, Ph.D., Research Economist, Federal Reserve Bank of Dallas after Dr. Chen's presentation at the JPMCC's August 2017 international commodities symposium. Both Dr. Chen and Dr. Stuermer contributed articles to this edition of the *GCARD*.

In the **Research Digest Articles** section, [Professor Ana-Maria Fuertes](#) of Cass Business School, City, University of London (U.K.) generously summarizes three scholarly papers, each of which discuss a different application of quantitative methods to commodity futures trading. Professor Fuertes is also a *GCARD* Editorial Advisory Board member.

The **Contributing Editor's Collection** of digest articles covers two sets of case studies. While the Winter 2017 issue of the *GCARD* covered the [bankruptcy of the Futures Commission Merchant / Broker Dealer, MF Global](#), this issue of the *GCARD* reports on the Amaranth (commodity) hedge fund debacle. The section's second case study recounts the historical circumstances that led to the establishment of futures contracts. The latter article is excerpted from a lecture that was provided by the author to staff from the Shanghai Futures Exchange.



In the **Editorial Advisory Board (EAB) Contributions** section, three EAB experts provide articles on the following topics: (1) the impact of geopolitical risk on commodity prices; (2) the history of past oil price surprises along with predictions through 2025; and (3) the analysis of commodity positioning data. The authors for these timely articles are respectively Dr. Daniel Murray of EFG Asset Management (U.K); Mr. Jan-Hein Jesse of JOSCO Energy Finance and Strategy Consultancy (Amsterdam); and Mr. Mark Keenan of Société Générale Corporate & Investment Bank (Singapore).

The **Industry Commentary** section includes an article on how a study of the statistical properties of oil price volatility can assist in the design of efficient hedging strategies. This article is by Mr. Vito Turitto of S&P Global Platts (U.K.).

In this issue's **Interview with a Thought Leader in Commodities**, we interview Professor James Hamilton of the University of California, San Diego. Professor Hamilton is also the Co-Chair of the JPMCC's Research Council and is a Distinguished Visiting Fellow at the JPMCC. Professor Hamilton's advanced econometrics textbook, [Time Series Analysis](#), is widely used by researchers in modeling the economy. In addition, his research has helped to guide U.S. monetary policy. Importantly for the JPMCC, Professor Hamilton is widely published on the impact of oil price increases on the economy. We are grateful for Professor Hamilton's affiliation with the JPMCC.

In conclusion, we would like to thank the CME Group Foundation for sponsoring the *GCARD*, and we welcome the [International Association for Quantitative Finance](#) as the *GCARD*'s inaugural professional society partner.

Best Regards,

Hilary.Till@ucdenver.edu

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