



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

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Dr. Jian Yang, Ph.D., CFA, J.P. Morgan Endowed Chair and JPMCC Research Director, presented his keynote speech at the 2019 “International Conference on Derivatives Market and Risk Management” in Shanghai, China. This conference was organized by Tongji University, the University of Colorado Denver/JPMCC, and the World Bank.

In this brief report, the J.P. Morgan Center for Commodities’ (JPMCC’s) Research Director will provide updates on the JPMCC’s research activities through March 2020 and which have taken place since the [August 2019 international commodities symposium](#). We are happy to (a) announce the publication of an innovative study on crude oil; and (b) report on the continued impact of the 2019 symposium.

Publishing the First Study Covering All Top Four Crude Oil Futures Markets

The research paper, “[Return and Volatility Transmission Between China's and International Crude Oil Futures Markets: A First Look](#),” coauthored by the JPMCC’s Research Director and forthcoming in the *Journal of Futures Markets (JFM)*, is already published online and is expected to be formally published around June 2020 (Yang and Zhou, 2020). The *JFM* is a leading finance journal on futures and derivatives. Based on the preliminary results in this article, the Research Director delivered a keynote speech at the Workshop on the Chinese Oil Futures and Energy Markets at Xiamen University in June 2018. This speech, in turn, was extensively featured in Chinese by *Economic Daily* (of the State Council of China), *China National Radio*, and *Financial News* (of the People’s Bank of China). In addition, some of these media



articles were reposted on the official websites of China's *Ministry of Commerce*, *National Energy Administration*, and SINOPEC, the latter of which is China's largest state-owned oil & gas company and which also ranks as the third largest company in the world in 2018, based on the *Fortune* Global 100 list.

In July 2019, the Research Director delivered another keynote speech, also partly based on the forthcoming *JFM* paper, at the "International Conference on Derivatives Markets and Risk Management" in Shanghai, China. This symposium was co-organized by Tongji University in Shanghai; the University of Colorado Denver/JPMCC; and the World Bank. An analysis of the Research Director's coauthored paper was also featured in the English media publication, *Yicai Global*, after this international conference.

After the *JFM* paper was published online, some additional findings of the article were again featured by *Economic Daily* (of the State Council of China), *Financial News* (of the People's Bank of China) and *International Financial News* (of People's Daily Online) around the time of the two-year anniversary of China's crude oil futures market in late March 2020. As of March 2020, the number of media articles featuring the JPMCC via the Research Director had reached over 90.

The 2020 *JFM* publication may be considered "the first study" in several different contexts:

1. This paper is the first academic journal article published with a JPMCC affiliation (based on the date of publishing online) since the launch of JPMCC in 2012. Earlier, [a study published in 2018 on the U.S. crude oil futures and options markets](#) (Miao *et al.*, 2018), and also coauthored by the Research Director, was the first academic/policy research presentation with a JPMCC affiliation. The Research Director had presented this earlier study at the [U.S. Energy Information Administration \(EIA\) in 2017](#), as was noted in the [Winter 2018 issue of the GCARD's](#) section on the EIA's "Dynamics of Oil, Natural Gas, and Liquefied Natural Gas Markets" workshop (p. 111).
2. In addition, the forthcoming *JFM* publication is the first study examining the international linkages between major international oil futures markets and the growing crude oil futures market in China. This is the first futures market in China which allows international investor participation.
3. And lastly, this is the first study that covers all four top crude oil futures markets (WTI, Brent, INE and Oman), encompassing both light sweet and medium sour crude as underlying assets. Amongst the study's findings are that (a) "Chinese oil futures have stronger linkages with the international major futures markets than Oman futures"; (b) "[b]oth China's and Oman's oil futures markets react to deviations from their long-run equilibrium with West Texas Intermediate and Brent oil futures"; and (c) "[t]here is ... new evidence for asymmetric volatilities and correlations across these oil futures markets."

The Continuing Impact of the August 2019 International Commodities Symposium

As discussed in the *GCARD's* [Research Director Report](#) in the [Winter 2019 issue](#), the August 2019 international commodities symposium included submissions from researchers in thirteen countries, and we were honored with the attendance of researchers from eleven major countries.



We are happy to report on the continuing positive impact of the 2019 symposium. The October 2019 issue of *China Futures* magazine published a lengthy article featuring many of the speakers at the 2019 JPMCC symposium, which followed the magazine's recognition of the 2018 JPMCC symposium in its October 2018 issue. *China Futures* magazine included the symposium amongst its news items from major global futures and options exchanges and national derivatives regulators worldwide.

In addition, the news story on the symposium by Robinson (2019) was posted on the CME Group Foundation's website. The CME Group Foundation, in turn, was the seed sponsor of the JPMCC's initial international commodities symposium.

The *Journal of Futures Markets* will publish a special issue in August 2020 that will feature four high-quality articles presented at the 2019 symposium. The selected articles are coauthored by chair professors or senior professors from MIT, University of Texas at Austin, University of Houston, and from a senior economist at the Bank of Canada. Like the special issue published in August 2019 for the 2018 symposium, the Editor's note to the special issue will again highlight JPMCC (and its Research Director as the organizer) and the University of Colorado Denver Business School.

CME GROUP FOUNDATION

NEWS

3rd Annual JPMCC International Commodities Symposium brings academic and industry leaders together
August 27, 2019

The New Directions in Commodities Research international symposium returned to the CU Denver Business School on August 12-13, 2019. Led by the J.P. Morgan Center for Commodities, the symposium brought more than 140 academic researchers and industry practitioners from around the world to discuss current challenges and advancements in commodities research. For many of those in attendance, the most valuable part of the conference was sharing research and ideas between academics and industry professionals.

Source: Excerpted from the CME Group Foundation's website.



Dr. K. Geert Rouwenhurst, Ph.D., (left) Robert B. and Candice J. Haas Professor of Corporate Finance, Yale School of Management and JPMCC Distinguished Visiting Fellow, in discussion with **Dr. Sheridan Titman**, Ph.D., (right), a past President and Fellow of the American Finance Association and Professor of Finance at the University of Texas at Austin where he holds the McAllister Centennial Chair in Financial Services at the McCombs School of Business. Professor Rouwenhurst gave a keynote address at the 2019 JPMCC symposium on “The Commodity Risk Premium: 1870-2019.”

Conclusion

We are very grateful for so many of the world’s renowned academics in the field of commodities linking up with our efforts, either as members of the JPMCC’s Research Council or as presenters at our conferences. In addition, we would like to note that *GCARD* readers can stay informed on the JPMCC’s many research activities by visiting:

<https://business.ucdenver.edu/commodities/jp-morgan-center-commodities-research>.

We wish everyone a healthy and safe summer!

Best Regards,

A handwritten signature in black ink, appearing to read "Jian Yang".

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