



Contributing Editor’s Letter

By Hilary Till

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Ms. Hilary Till (standing), the Contributing Editor of the *GCARD*, was the moderator for the panel on Chinese commodity demand during the JPMCC’s international commodities symposium, which took place from August 10, 2017 through August 11, 2017. The session’s panelists (seated) from left-to-right in the photo were Dr. Keith Black, Ph.D., CFA, CAIA, Managing Director, Chartered Alternative Investment Analyst (CAIA) Association; Ms. Jodie Gunzberg, CFA, Managing Director, Head of U.S. Equities, S&P Dow Jones Indices; and Dr. Kevin (Kaifeng) Chen, Ph.D., Chief Strategist, Hywin Capital Management. The panelists are each members of the *GCARD*’s Editorial Advisory Board.

Dear Reader,

Welcome to the fourth issue of the *Global Commodities Applied Research Digest*! We are grateful that members of both the JPMCC’s [Research Council](#) and the *GCARD*’s [Editorial Advisory Board](#) have lent their expertise to the Winter 2017 issue of the *GCARD*. This issue features articles from across the commodity complex, including on the energy, metals, and agricultural sectors. This edition also includes articles relevant to commodity supply chains, commodity futures regulation, and to fiduciary due diligence.



This issue of the *GCARD* is divided into the following seven sections: (1) the Research Council Corner; (2) the Research Council Report; (3) the Research Digest Articles; (4) the Contributing Editor's Collection; (5) the Editorial Advisory Board Commentaries; (6) Industry Commentaries; and (7) an Interview with a Thought Leader in Commodities.

In this issue's **Research Council Corner**, our authors separately discuss the factors involved in forecasting the price of oil and also in forecasting global gold mine supply. In the former article, Dr. Bluford Putnam of the CME Group notes that not being able to assume a stable political or technological environment in the oil markets creates major challenges for forecasting. In the latter article, Dr. Thomas Brady of the Newmont Mining Corporation relates how the discovery of major new resources and game-changing technological advancements impact global gold mine supply. Both Dr. Putnam and Dr. Brady are members of the JPMCC's Research Council, and we very much appreciate their contributions to the *GCARD*!



Mr. John Schmitter (left), President of KEP LLC, with **Mr. Lance Titus** (right), Principal, Continuum Commodities, LLC, during the JPMCC's September 30, 2016 Research Council meeting. Mr. Schmitter's presentation at this meeting is covered in the Research Council Report section. Mr. Titus, in turn, is a member of both the JPMCC's Advisory Council and its Research Council. In addition, Mr. Titus will be joining the *GCARD*'s Editorial Advisory Board in 2018.



The **Research Council Report** section provides a transcription of a presentation on rail transportation capacity, an otherwise opaque topic, which Mr. John Schmitter, President of KEP LLC, generously gave to the assembled members of the JPMCC's Research Council on September 30, 2016. This report completes the coverage of the morning panel of the fall 2016 meeting, which also included presentations on dry-bulk shipping capacity and on industrial consumer supply-chain risks. The latter two topics were covered in the [Spring 2017 GCARD](#).

In the **Research Digest Articles** section, [Professor Ana-Maria Fuertes](#) of Cass Business School, City, University of London (U.K.) summarizes three scholarly papers, touching on research relevant to regulation, precious metals, and the statistical properties of commodities. Professor Fuertes is also an Editorial Advisory Board member and has greatly contributed to the success of the *GCARD* through her accessible digest articles.

The **Contributing Editor's Collection** covers topics that we expect to be of interest to commodity futures traders, including (a) how to avoid common trading mistakes; (b) how the problems at the Futures Commission Merchant / Broker-Dealer, MF Global, could have been anticipated; and (c) how to choose amongst types of wheat futures contracts for implementing bullish views in the agricultural complex. The MF Global article, in turn, was previewed by the [Harvard Law School Bankruptcy Roundtable](#) on October 10, 2017.



Ms. Jodie Gunzberg (left), CFA, Managing Director, Head of U.S. Equities, S&P Dow Jones Indices, with Dr. Kevin (Kaifeng) Chen, Ph.D., Chief Strategist, Hywin Capital Management, at the JPMCC's August 2017 international commodities symposium. Ms. Gunzberg contributed the article, "Chinese Economic Growth and Commodity Performance," to this issue of the *GCARD*.

In the **Editorial Advisory Board (EAB) Commentaries**, four EAB members contributed articles on the following topics: (1) the connection of Chinese economic growth to commodity performance across sectors and individual commodities; (2) commodity futures trading opportunities; (3) the history of past oil price surprises; and (4) petroleum-complex fundamentals as deduced from price-relationship data. The following summarizes this issue's articles by *GCARD* EAB members. Ms. Jodie Gunzberg, CFA, Managing Director, Head of U.S. Equities, S&P Dow Jones Indices, draws from her presentation at the JPMCC's August 2017 international commodity symposium and documents how the impact of Chinese economic growth may have been different across the five commodity sectors in the S&P Goldman Sachs Commodity Index. Professor Isabel Figuerola-Ferretti of ICADE, Universidad Pontificia de Comillas (Madrid), in turn, covers fundamentally-oriented trading and also characterizes calendar-spread strategies as a type of convergence trading. Next Mr. Jan-Hein Jesse of JOSCO Energy Finance and Strategy Consultancy (Amsterdam) provides the first article in a two-part series on the complex dynamics of oil price formation from 2014 onwards. Mr. Jesse, who is also an expert for the



International Energy Agency, has contributed to three of the *GCARD*'s four issues, for which we are very grateful at the JPMCC. The concluding article of this section is co-written with an EAB member, Joseph Eagleeye of Premia Research LLC, on what oil-sector price relationships have indicated about petroleum-complex fundamentals.

The **Industry Commentaries** include two articles on natural gas markets, specifically (a) on U.S. shale production and (b) on the global liquefied natural gas (LNG) market. Our two authors bring their wide-ranging, in-depth expertise to the *GCARD* and are respectively, Mr. Faouzi Aloulou, Senior Economist, U.S. Energy Information Administration, and Mr. Colin Waugh, Partner, SCP Africa Investments.



Mr. Robert Greer, Scholar-in-Residence at the JPMCC, presenting at the December 4, 2015 JPMCC Research Council meeting. Mr. Greer is also an Editorial Advisory Board member of the *Global Commodities Applied Research Digest (GCARD)*. Mr. Greer is interviewed in this issue of the *GCARD*.

In this issue's **Interview with a Thought Leader in Commodities**, we interview Mr. Robert Greer, who is a Scholar-in-Residence at the J.P. Morgan Center for Commodities and is also an active member of both the JPMCC's Research Council and its Advisory Council. Mr. Greer is most well-known in his former role as an Executive Vice President and Real Return Product Manager at PIMCO, before his retirement. He has also been referred to as the "Godfather of Commodity Investing" because he originated the idea of an investable commodity index in a pioneering 1978 *Journal of Portfolio Management* article.



In conclusion, we are grateful for the support of the CME Group Foundation for sponsoring the *GCARD*, and we welcome feedback from our readers on what topics would be of most value to commodity-market participants.

Best Regards,

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