



Director's Inaugural Welcome Letter

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At a JPMCC Research Council meeting, **Dr. Yosef Bonaparte**, Ph.D., Director of the J.P. Morgan Center for Commodities, welcomed industry participants bringing up challenges that they face, which could provide interesting puzzles for innovative research.

As Director of the J.P. Morgan Center for Commodities (JPMCC), I am pleased to welcome you to the seventh edition of the JPMCC's *Global Commodities Applied Research Digest*. I would also like to thank the CME Group Foundation and Mr. George Solich, President and CEO of FourPoint Energy, for their continued sponsorship of this publication and to express my gratitude to Chancellor Dorothy Horrell, Ph.D.; Acting Dean Jahangir Karimi, Ph.D.; and the JPMCC's Advisory Council for their unwavering support of the Center's research and educational activities. In addition, I would like to recognize former Dean Rohan Christie-David, Ph.D., for his work in building up the JPMCC's programs during the past two-and-half years.



In this inaugural letter, I will (a) review the JPMCC's mission and purpose, (b) summarize one of my recent research projects, and (c) discuss a recent thought-leadership panel sponsored by the JPMCC.

Mission of the J.P. Morgan Center for Commodities

For readers unfamiliar with the JPMCC, I would like to take this opportunity to introduce the Center to you. The JPMCC's activities encompass the business side of commodities. Through applied research and educational programs, we examine current issues and explore new ideas in the commodity markets.

The Center's core activities are as follows:

- *Education:* We train University of Colorado students in the business side of commodities. Our business school curriculum complements related programs such as the Colorado School of Mines and the University of Colorado Agriculture programs, which focus mainly on the physical production aspects of the commodities sector.
- *Applied research:* We conduct academic research that is of practical relevance to business practitioners.
- *Think tank:* We research and comment on current policy issues that are of concern in the commodity markets.

We carry out each of these core activities by partnering with the business community and other stakeholders in the energy, metals-and-mining, and agricultural markets.

Recent Research Project

One of my research interests concerns detecting potential political influences on oil prices, which was previously noted in the [Fall 2016 issue of the GCARD](#). In a recent working paper, I looked into the impact that U.S. presidential elections may have on real oil prices over the time period, May 1958 to March 2018.

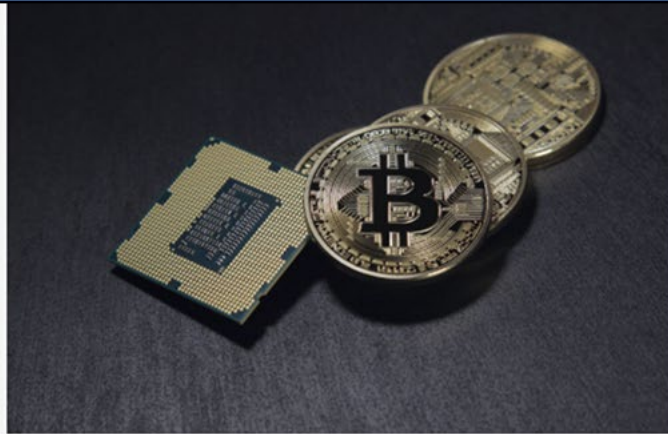
In summary, the paper demonstrates that real oil prices (West Texas Intermediate spot) are \$4.7 to \$9.7 lower under Democratic presidencies than Republican presidencies. The paper also finds that oil prices and volatility co-move with the presidential life cycle (seniority) and that prices are lower during second-term presidencies. The results are statistically significant and robust, including subsamples and accounting for business cycle fluctuations.

The paper also provides some possible explanations for why there has been a statistically significant difference in oil prices across Democratic and Republican presidencies, including (a) how each political party pursues a fundamentally different energy policy, (b) how the nature and influence of lobbying also changes across party-in-power boundaries, and (c) how OPEC, and specifically Saudi Arabia, may respond differently to Democratic versus Republican presidencies.



Thought-Leadership Industry Panels

In addition to the prestigious commodities symposium that our research director, Dr. Jian Yang, Ph.D., CFA, organizes each year, the JPMCC also hosts industry panels on topical issues, for which I am responsible. For example, in March 2019 we hosted an industry panel on crypto currencies. Our panel of experts included Colin Fenton of Blacklight Research and Co-Head of the JPMCC’s Advisory Council; Andrei Kirilenko, Ph.D., of Imperial College Business School and [Best Paper Award Winner at the JPMCC’s 2018 International Commodities Symposium](#); and Bill Sinclair of SALT.



Crypto Currencies: What are They, and What is the Future? A Panel Discussion, Moderated by Dr. Yosef Bonaparte March 6th, 2019 12:00 - 1:00 PM

Colin Fenton is the managing partner and head of research at Blacklight Research LLC, a strategic adviser to senior leaders of corporations, institutional investment firms, and sovereign governments. Previously, Colin was managing director at J.P. Morgan Chase & Co., where he served as global head of commodities research and chief commodities strategist.

Dr. Andrei Kirilenko is the Director of the Centre for Global Finance and Technology, a visiting Professor of Finance at the Imperial College Business School, and a Research Fellow in the Financial Economics Programme of the Centre for Economic Policy Research (CEPR). Prior to joining Imperial in August 2015, he was a Professor of the Practice of Finance at MIT Sloan and Co-Director of the MIT Center for Finance and Policy. Prior to MIT, Professor Kirilenko served as chief economist of the U.S. Commodity Futures Trading Commission (CFTC) between December 2010 and December 2012.

Bill Sinclair is Chief Technology Officer and Interim President and CEO at SALT, where he is responsible for driving the strategic direction of the company, facilitating the development of a best-in-class software platform, and creating long-term enterprise value for shareholders. With more than 20 years experience in tech and software, Bill has managed IT departments and software development teams as well as executed on global strategies across industries including finance, energy and Internet of Things (IoT).

The next issue of the *GCARD* will cover the panelists’ very informative insights. In the meantime, one can read the *GCARD*’s [special feature](#) on cryptoassets and blockchain in the [Winter 2018 issue](#), which includes [predictions](#) on the adoption of blockchain in the physical commodity markets. In addition, readers can refer to the current issue’s [special report](#) on innovations in the cryptosphere, which includes articles on how [smart contracts](#) and [tokenized securities](#) could be useful in the natural resource and commodity markets.



Conclusion

If you would like to learn more about the JPMCC and its research and educational activities, please explore our website, <https://business.ucdenver.edu/commodities/> or contact us at Commodities.Center@ucdenver.edu. We also welcome your input on how we can make the GCARD as relevant as possible to commodity industry practitioners, consistent with the JPMCC's mission.

Thank you!

Best Regards,

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Endnote

Regarding Bonaparte (2019), I am thankful for the generous contributions of research assistants, Meghan Nemechek and Sheela Kailasam.

References

Bonaparte, Y., 2019, "Political Cycles and Oil Prices: Understanding the Geopolitical Oil Supply," University of Colorado Denver Working Paper.

"[Special Feature: Cryptoasset and Blockchain](#)," 2018, *Global Commodities Applied Research Digest*, Vol. 3, No. 2, Winter, pp. SF1-SF50.

"[Special Report: Cutting-Edge Innovation in the Cryptosphere](#)," 2019, *Global Commodities Applied Research Digest*, Vol. 4, No. 1, Summer.

Till, H., 2016, "[The Determinants of the Price of Crude Oil: The Relative Importance of Fracking, China, and Geopolitics](#)," *Global Commodities Applied Research Digest*, Reports on the Research Council Meetings, Vol. 1, No. 2, Fall, pp. 61-69. [Dr. Bonaparte was the academic discussant during the December 2015 JPMCC Research Council meeting that is summarized in this article.]