

FINANCIAL SPECULATION IN THE OIL MARKET AND THE DETERMINANTS OF THE OIL PRICE

Milan, 12-13 January 2012
Fondazione Eni Enrico Mattei
Corso Magenta 63

Agenda

The last decades have witnessed a number of changes in commodities futures markets. The oil market has kept growing, becoming the world's biggest commodity market and turning from a primarily physical product activity into a sophisticated financial market. The increasing presence of hedgers, as well as speculators, has led to allegations that speculators drive crude oil prices, and that they have been responsible for the increase in crude oil price from 2004 onwards. It is therefore extremely important to understand the behaviour of financial trading in the oil market, in order to address relevant issues, such as: is it meaningful to define and measure speculation? Is speculation correlated to oil futures price dynamics and volatility? Which fundamental factors can help explain oil price dynamics?

The FEEM workshop on “Financial Speculation in the Oil Market and the Determinants of the Oil Price” gathers together leading scholars in the field of energy economics and top professionals from international financial and energy institutions to discuss:

- The definition and role of speculation in the oil derivatives market over the last two decades.
- The relationship between financial trading activity and futures price volatility in the oil market; the relationship between volume/open interest and different definitions of volatility; the long-run causes of volatility of the oil price; the impact of speculation on spot and futures oil prices, and on oil price volatility.
- The determinants of the oil price; the transmission mechanism through which structural shocks affect the oil price; the effects of oil price shocks on the global economy; the effects of speculative shocks on the oil price;
- The role of financial institutions in limiting excessive speculation

Day 1. Thursday, 12 January 2012

h. 14.00 – Registration

14.15 Welcome address and introduction

Giuseppe **Sammarco** - Executive Director, Fondazione Eni Enrico Mattei

Matteo **Manera** - Professor of Econometrics, University of Milano-Bicocca and Fondazione Eni Enrico Mattei

14.30 Session 1. The oil price: economic, financial and political drivers

Chair: Lutz **Kilian** - Professor of Economics, University of Michigan

David **Fyfe** - Head of Oil Industry & Market Division, International Energy Agency

Leo P. **Drollas** - Director and Chief Economist, Centre for Global Energy Studies

Clifford **Wymer** - Associate, Centre for Global Energy Studies

Thomas F. **Helbling** - Head of Energy and Commodities Surveillance Unit Research Department, International Monetary Fund

General discussion

h. 16.00 - 16.30 – Coffee break

16.30 Session 2. Putting crude oil speculation into perspective – Part I

Chair: Leo P. **Drollas** - Director and Chief Economist, Centre for Global Energy Studies

Lutz **Kilian** - Professor of Economics, University of Michigan

Matteo **Manera** - Professor of Econometrics, University of Milano-Bicocca and Fondazione Eni Enrico Mattei

Bassam **Fattouh** - Director, Oil & Middle East Programme, Oxford Institute for Energy Studies

General discussion

18.00 – Closure of the first day

Day 2. Friday, 13 January 2012

9.30 Session 3. Putting crude oil speculation into perspective – Part II

Chair: Bassam **Fattouh** - Director, Oil & Middle East Programme, Oxford Institute for Energy Studies

Bahattin **Buyuksahin** - Senior Oil Market Analyst, International Energy Agency

Vincent **Kaminski** - Professor in the Practice of Executive Education, Rice University

Claudio **Morana** - Professor of Economics, University of Milano-Bicocca and Fondazione Eni Enrico Mattei

Kathleen **King** - Bates White Economic Consulting

General discussion

h.11.00 - 11.30 – Coffee break

11.30 Session 4. Financial speculation in a changing regulatory landscape

Chair: David **Fyfe** - Head of Oil Industry & Market Division, International Energy Agency

Robert **Levin** - Managing Director Energy Research & Product Development, CME Group

Mike **Davis** - Director of Market Development, ICE Futures Europe

General discussion

12.45 Conclusions and closing of the workshop

Giuseppe **Sammarco** - Executive Director, Fondazione Eni Enrico Mattei

Matteo **Manera** - Professor of Econometrics, University of Milano-Bicocca and Fondazione Eni Enrico Mattei

h. 13.00 – Light lunch