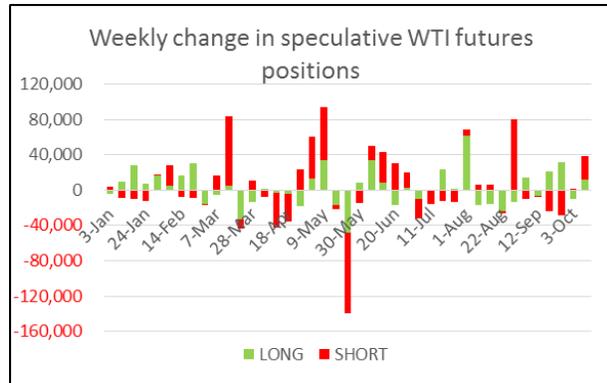
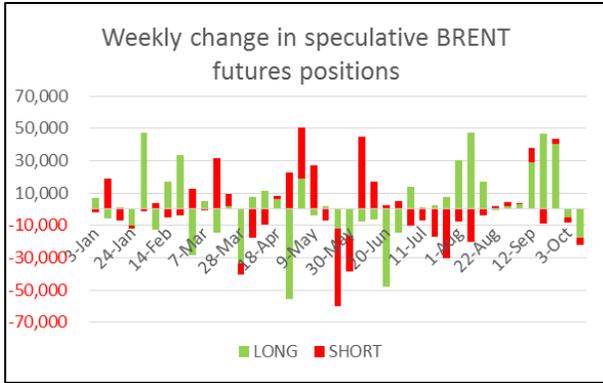


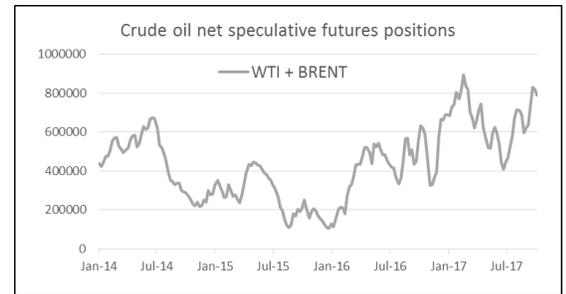
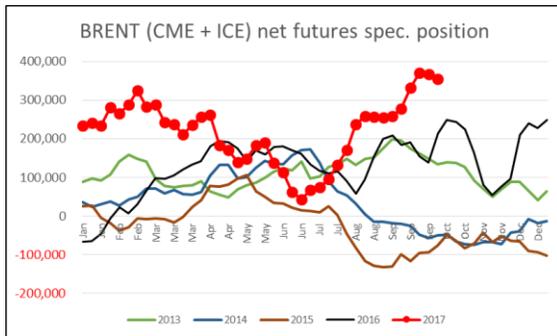
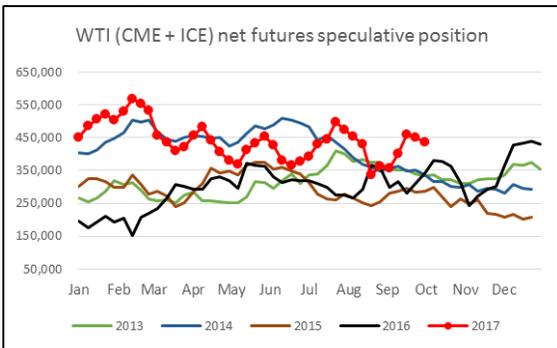
October 16th 2017

CFTC AND INVESTMENT FLOWS WEEKLY REPORT

1. LARGE SPECULATORS IN ENERGY



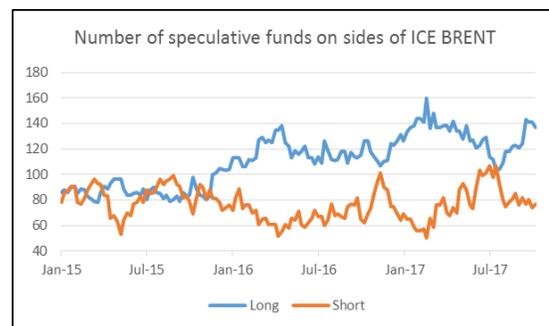
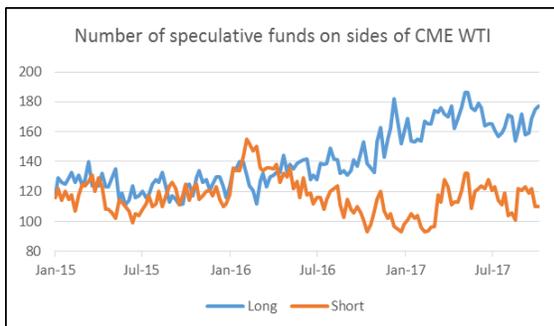
The last CFTC week covers October 3rd to Tuesday October 10th, WTI prices during that time-frame gained slightly from 50.42 \$/bbl to 50.92 \$/bbl but that included a hard sell-off on October 6th and a strong rally on the 10th.



The speculative net length in crude oil futures decreased for a second consecutive week, after four consecutive weeks of net gain during September. The

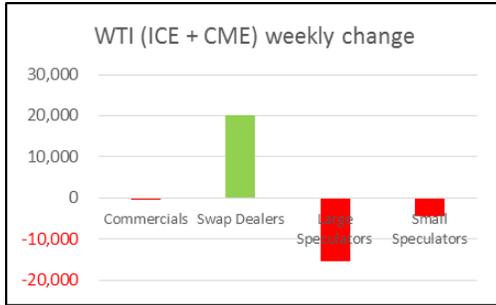
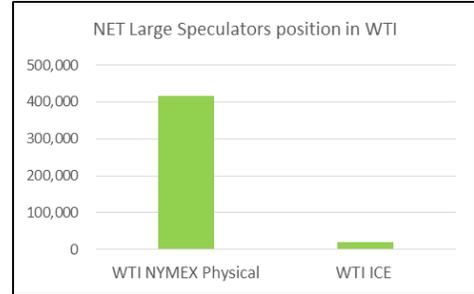
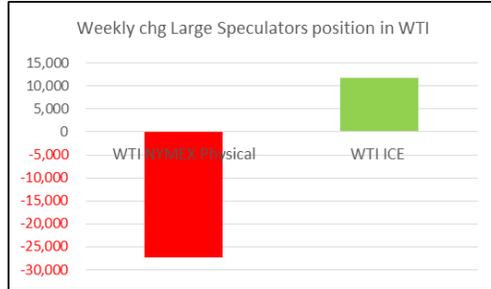
decrease of net speculative length was moderate and about the same in WTI (-15'400) and Brent (-13'100). With an overall net reduction for crude oil (WTI +Brent) of -28'600 contracts, the remaining net length stays close to peaks seen at the start of the year.

By number of trading firms, WTI added two firms to the long side and there was no change on the short side. Brent lost four firms on the long side and added three to the short side.



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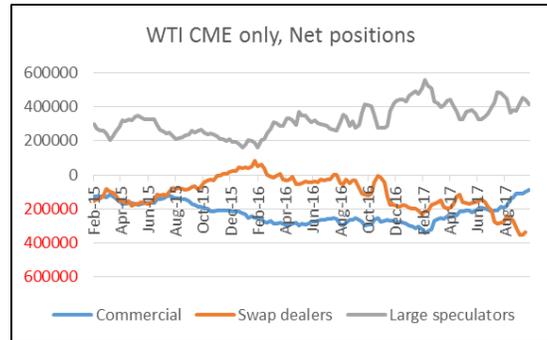
For WTI, the reduction in net speculative length was all in the CME contract while there was an increase in the ICE contract.



Overall in WTI (CME+ICE), the large speculators reduced the net length through an increase of Open Interest as they added to both sides but more on the short side (+26'700) than on the long side (+11'300). Small speculators

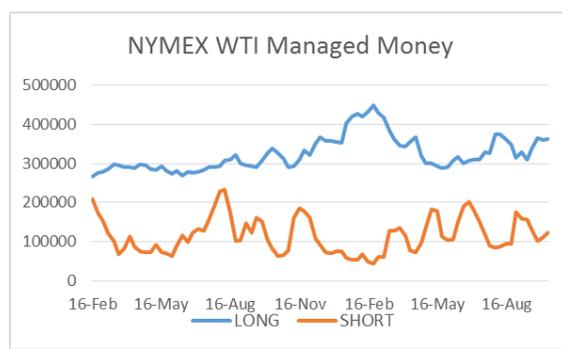
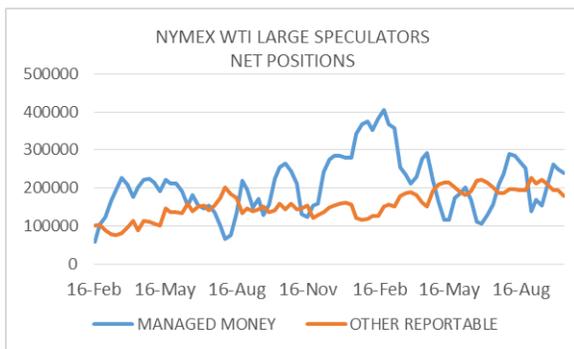
WTI (ICE + CME) weekly change	
Commercials	-476
Swap Dealers	20,227
Large Speculators	-15,432
Small Speculators	-4,319

were directionally doing the same (+6'400 short/+2'000 long). The swap dealers were absent from the long side and reduced sharply on the short side (-19'100) providing most of the offset for the large speculators. Commercials had no net change but they reduced Open Interest (-32'200 long/-31'700 short).

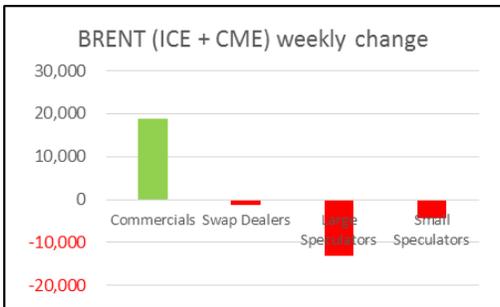


WTI (CME + ICE) weekly change							
	Futures		Options Delta		Total		
	Long	Short	Long	Short	Long	Short	Net
Commercials	-32,230	-31,754	981	-27	-31,249	-31,781	532
Swap Dealers	1,106	-19,121	-1,168	-3,692	-62	-22,813	22,751
Large Speculators	11,291	26,723	1,391	-659	12,682	26,064	-13,382
Small Speculators	2,019	6,338	-171	1,657	1,848	7,995	-6,147

The speculative options net delta was close to unchanged, including options, the net decrease was of -13'400.



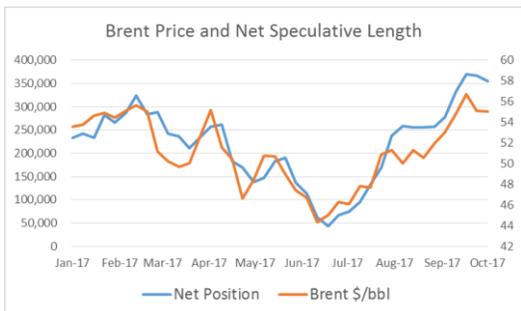
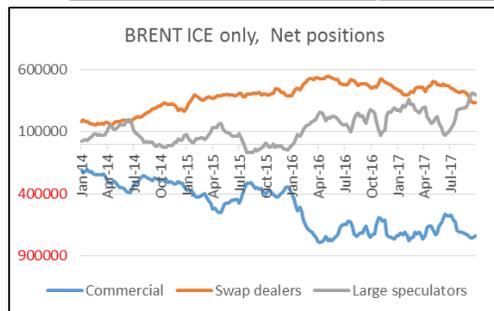
In the CME WTI contract, the Managed Money category of large speculators did nothing on the long side but added +12'000 to the short side. The Other Reportables reduced the long side by -2'700 and added +13'000 to the short side. However, the Managed Money category in the ICE WTI contract added +6'800 long contracts and the Other Reportables in ICE WTI also added +6'800 on the long side.



Unlike in WTI, the large speculators in Brent reduced their net length through a reduction of Open Interest: they cut the long positions by -17'700 and the short positions by -4'500.

BRENT (ICE + CME) weekly Change	
Commercials	18,761
Swap Dealers	-1,357
Large Speculators	-13,152
Small Speculators	-4,252

Small speculators were directionally doing the same (-6'800 long/-2'600 short). The swap dealers were absent from both sides of the trade. Commercials reduced their net short through a strong increase

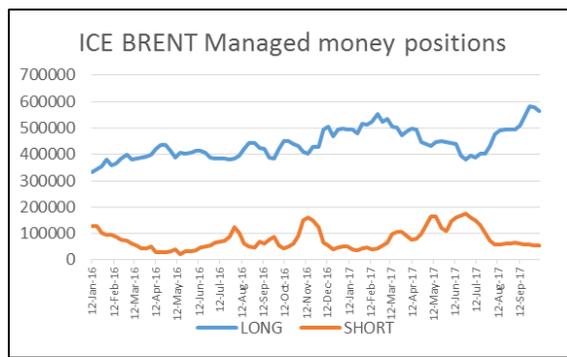
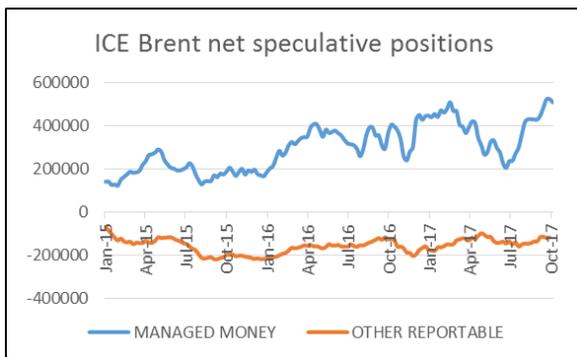


of Open Interest, adding +46'000 on the long side and +27'200 on the short side. Large speculators in Brent have more net length than swap dealers for the first time since 2013.

The Brent futures prices dynamics stay close to the dynamics of speculative positions.

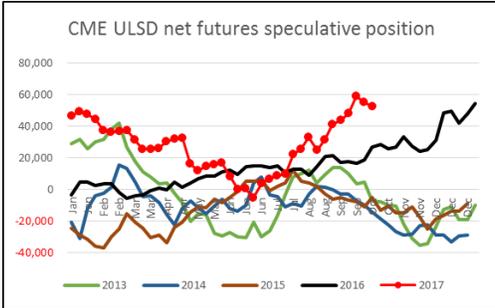
The speculative net options delta length was reduced by -4'600 and the delta short increased by +3'800, the net length in futures+options was therefore reduced by -21'600.

	BRENT (CME+ ICE) weekly change						
	Futures		Options Delta		Total		
	Long	Short	Long	Short	Long	Short	Net
Commercials	45,999	27,238	5,302	6,260	51,301	33,498	17,803
Swap Dealers	-846	511	6,617	-1,947	5,771	-1,436	7,207
Large Speculators	-17,673	-4,521	-4,602	3,840	-22,275	-681	-21,594
Small Speculators	-6,838	-2,586	577	799	-6,261	-1,787	-4,474

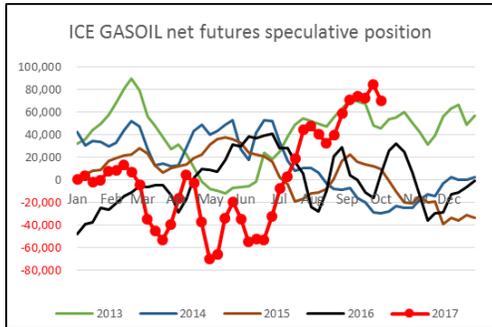
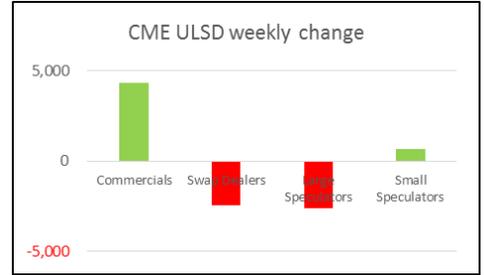


In ICE Brent, the Managed Money category of large speculators reduced on the long side (-14'800) and did nothing on the short side. The Other Reportables were cutting small on both sides.

Our position break-down:
Large Speculators = "Non-Commercials" in legacy CFTC report = "Managed Money" + "Other Reportables"
 "Managed Money" = registered Commodity Trading Advisor (CTA), commodity pool operator (CPO) or unregistered fund identified by CFTC
 "Other Reportables" = reportable traders not placed in Producer, Swap Dealer or Money Manager
Commercials = predominantly engaged in production & handling of physical commodity, as is from the reports
Swap Dealers = users of futures to hedge risk of swap position, as is from the reports
Small Speculators = "Non-Reportable" positions; too small to be monitored



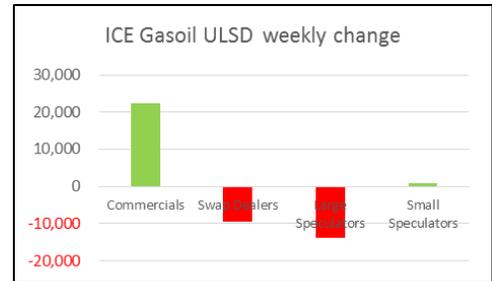
In the CME ULSD contract the large speculators reduced net length mostly by cutting long positions (-4'400 long/-1'700 short). Swap dealers were mostly cutting on the long side (-2'900). Commercials were also cutting on both sides but more on the short (-8'800) than the long side (-4'400).



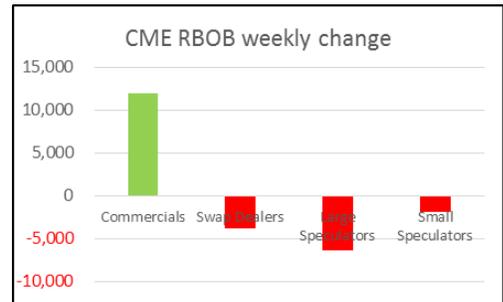
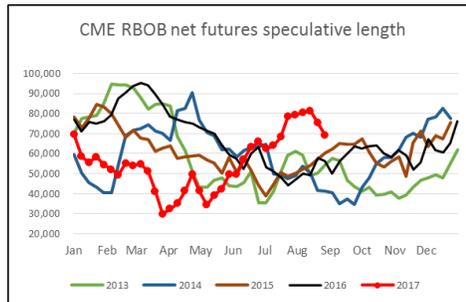
In ICE ULSD, the large speculators were also cutting the long side (-11'000) but added small to the short side (+2'900). Swap dealers were cutting on the long side (-4'200) and added to the short side (+5'200). Commercials made a sharp cut on the short side (-42'500) and also cut the long side (-20'000).

CME ULSD weekly change	
Commercials	4,356
Swap Dealers	-2,425
Large Speculators	-2,628
Small Speculators	697

ICE ULSD weekly change	
Commercials	-5,050
Swap Dealers	-6,234
Large Speculators	12,118
Small Speculators	-834

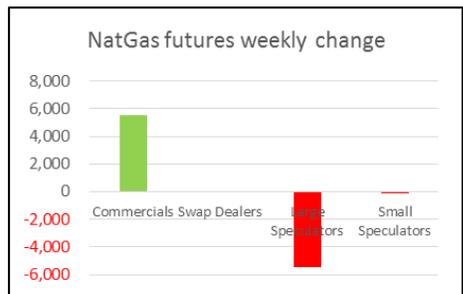
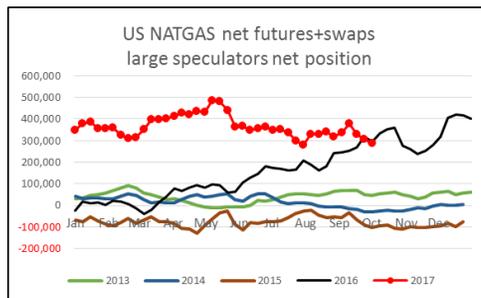


CME RBOB weekly change	
Commercials	12,009
Swap Dealers	-3,816
Large Speculators	-6,324
Small Speculators	-1,869



In RBOB Gasoline, large speculators were decreasing for a second consecutive week with the similar pace. They mostly reduced on the long side (-4'700 long/+1'700 short). Swap dealers reduced mostly on the long side by as much as the large speculators (-4'600). The commercials were the main offset for the large speculators and the swap dealers, as they added +11'500 to the long side and did not touch the short side.

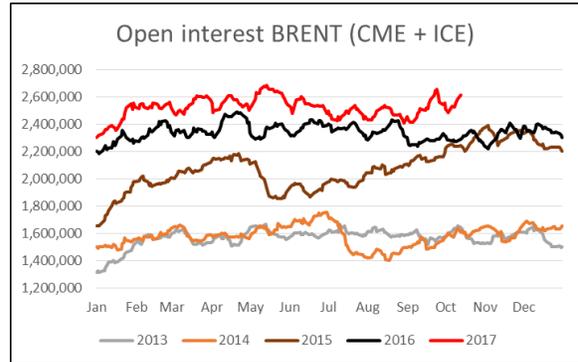
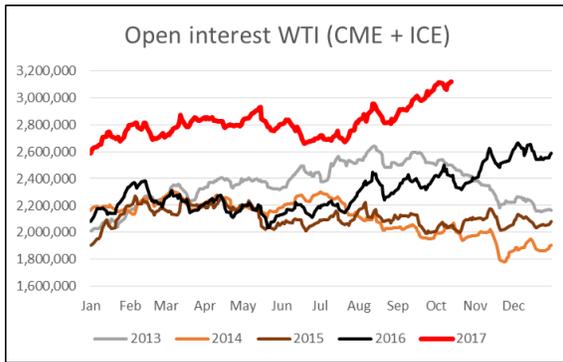
NYMEX NatGas weekly change	
Commercials	5,562
Swap Dealers	-33
Large Speculators	-5,423
Small Speculators	-106



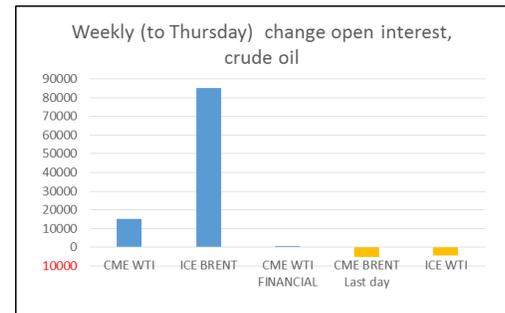
In US natural gas futures, large speculators added to both sides but more on the short side (+14'900 long/+20'300 short) while commercials added mostly to the long side (+6'700).

CFTC Large Speculators Net Positions	10-Oct Net	3-Oct Net	Weekly change
CME WTI Crude Futures Physical	417,061	444,316	-27,255
CME WTI Crude Futures Financial	n/a	n/a	n/a
ICE WTI Crude Futures Financial	18,568	6,745	11,823
WTI Crude Futures Net (CME + ICE)	435,629	451,061	-15,432
CME Brent Crude Oil	-39,105	-39,198	93
ICE Brent Crude Oil Futures	393,648	406,893	-13,245
Brent Futures Net (CME + ICE)	354,543	367,695	-13,152
DME Oman Crude Oil Futures	n/a	n/a	
Total Brent + WTI + Oman Futures	790,172	818,756	-28,584
CME Heating Oil Futures	52,668	55,296	-2,628
ICE Gasoil Net (in Heating Oil equivalent)	52,525	62,907	-10,382
Total Heat+Gasoil (in Heating Oil equivalent)	105,193	118,203	-13,010
ICE Gasoil Futures (n. of ICE contracts)	70,428	84,349	-13,921
CME Gasoline Futures	69,113	75,437	-6,324
CME Eurobob NWE Crack	2,229	1,680	549
CME RBOB Crack to Brent	2,987	2,910	77
CME Naphtha NWE Crack	-736	-856	120
NYMEX Natural Gas Futures (NG)	-79,598	-74,175	-5,423
NYMEX Natural Gas Swaps (NN+NP)	138,513	137,083	1,430
ICE Natural Gas Swaps	230,187	242,340	-12,153
NatGas Futures+Swaps (NG+NN+NP+ICE)	289,102	305,248	-16,146

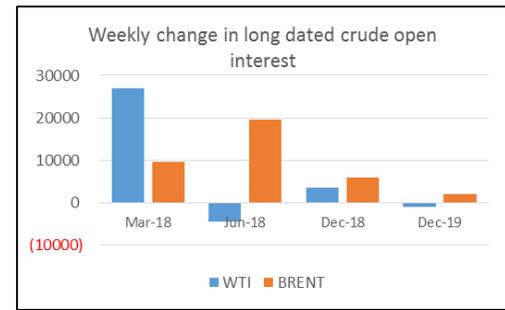
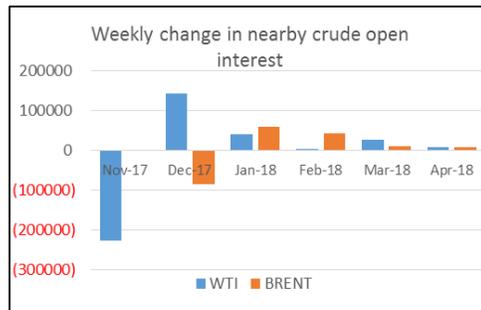
2. OPEN INTEREST AND VOLUME ANALYSIS IN ENERGY



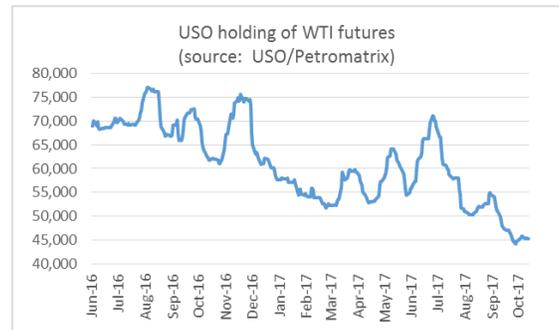
Over the two previous weeks, most of the increase of Open Interest was in WTI as Brent was suffering from the expiry of the November contract. Last week however Brent received some solid additions to Open Interest. The CFTC data indicates that the commercials were a force behind the increase of Open Interest in Brent. The increase of Open Interest in WTI was not as impressive as in Brent but WTI holds on to record levels of Interest.



WTI increased the pace of the rolling from the November to the December and January while Brent was rolling from December to January and February. Brent added to Open Interest in June but both Brent and WTI did not add much Open Interest on Dec18 and Dec19.



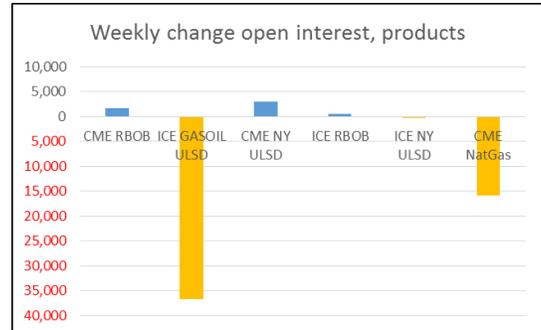
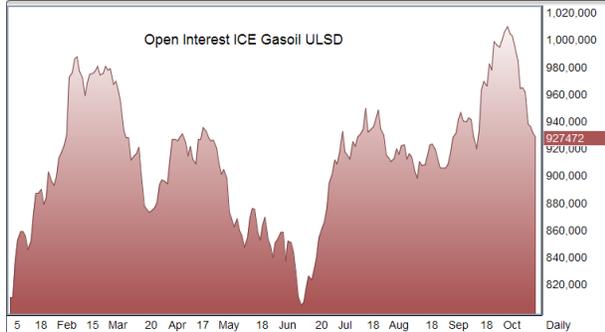
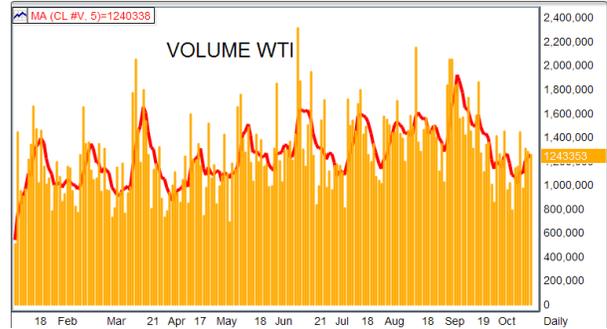
There was close to no change in the WTI holdings of the WTI ETF (USO).



The S&P GSCI commodity index will not make any substantial change in the weights for 2018. Brent will see the largest decrease while WTI will have the largest weight increase (but both of these changes will be small). ICE ULSD and CME ULSD will also have lower weights. We consider however that the changes will be too small to have a real impact in the rolls at the start of 2018.

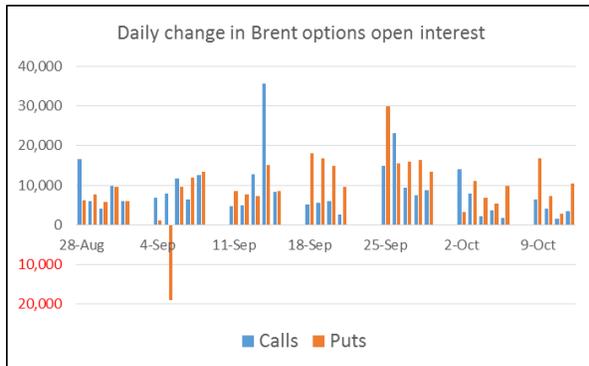
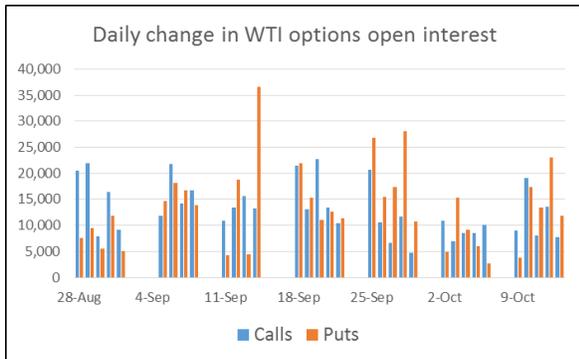
	S&P GSCI Dollar Weights	
	2017	2018
WTI	23.97%	24.70%
Brent	17.39%	16.89%
ICE Gasoil	5.13%	4.63%
Heating Oil	4.32%	3.88%
RBOB	4.79%	4.58%
Nat Gas	3.86%	3.90%
2018: preliminary pro forma		

The week started with low volume but it bounced back in the second part of the week. The overall volume levels are however just average and off the high levels of September.

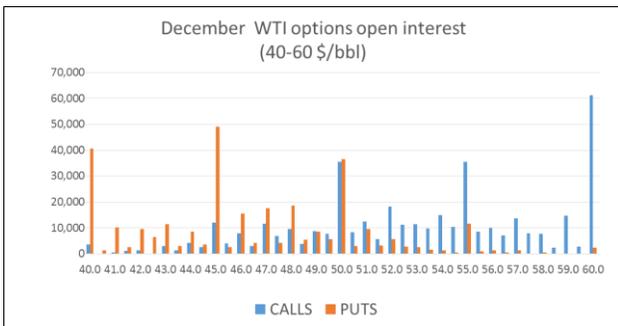
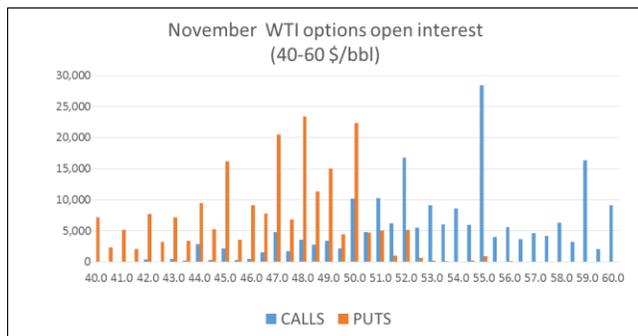


In products, ICE ULSD lost Open Interest due to the expiry of the October contract.

Trading activity increased in WTI options and a bit more on the side of the puts than of the calls.

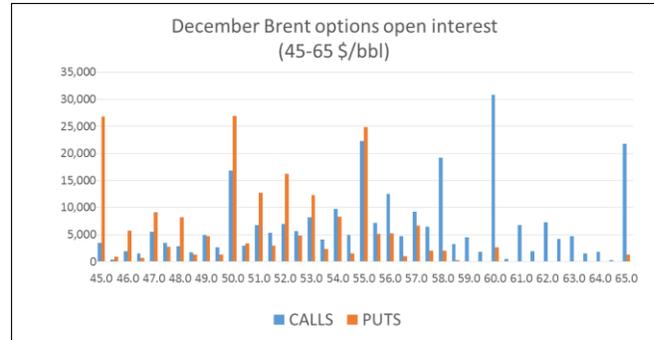


The WTI November options expire tomorrow (Tuesday). The large layer of Open Interest in calls at 55.00 \$/bbl is far away and WTI has to defend the support at 50.00 \$/bbl if it wants to prevent going into the deep layers of puts positioned below that level.



WTI December options hold a parity of Open Interest on calls and puts at the 50.00 \$/bbl strike. There is a large layer of puts at 45.00 \$/bbl and a very large layer of calls at 60.00 \$/bbl.

The Brent December options lost more Open Interest on the 60.00 \$/bbl calls and there is now a relatively well mirrored Open Interest levels between calls and puts around 55.00 \$/bbl.



Total Open Interest Thursday to Thursday	12-Oct	5-Oct	Weekly Change
ICE ULSD (ARA)	927,472	964,094	-36,622
NYMEX ULSD (NYH)	452,483	449,460	3,023
ICE ULSD (NYH)	22,591	22,871	-280
NYMEX RBOB Gasoline	401,223	399,496	1,727
ICE RBOB Gasoline	31,312	30,774	538
ICE Brent	2,476,043	2,390,963	85,080
CME Brent (BB)	6,327	6,327	0
CME Brent Last Day (BZ)	137,801	142,855	-5,054
TOTAL BRENT	2,620,171	2,540,145	80,026
ICE WTI	627,677	632,256	-4,579
NYMEX WTI Financial (WS)	3,826	3,226	600
NYMEX WTI Physical	2,488,716	2,473,392	15,324
TOTAL WTI	3,120,219	3,108,874	11,345
CME Canadian Heavy (WCC)	3,490	3,490	0
CME LLS-WTI (WJ)	15,647	15,467	180
CME Brent-WTI (BK)	53,982	53,931	51
LOOP Storage Futures (LPS)	20,940	20,940	0
WTI & Brent Crude Futures on ICE Platform	3,103,720	3,023,219	80,501
WTI & Brent Crude Futures on CME/NYMEX Platform	2,636,670	2,625,800	10,870
NYMEX OPTION CALL WTI	1,839,872	1,779,928	59,944
NYMEX OPTION PUT WTI	1,331,593	1,271,421	60,172
ICE OPTION CALL BRENT	1,120,561	1,103,378	17,183
ICE OPTION PUT BRENT	872,301	825,251	47,050
NYMEX Natural Gas (NG)	1,378,416	1,394,251	-15,835
NYMEX Natural Gas Swaps (NN+NP) Adjusted	357,817	354,768	3,049
CME Group API2 Rotterdam Coal	53,316	53,296	20
ICE API2 Rotterdam Coal	73,962	71,364	2,598

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3. OVERALL CONCLUSIONS ON INVESTMENT FLOWS IN ENERGY

Speculative net length was cut across all the energy commodities. The reduction was however not very large.

The net reduction in Brent, ICE ULSD, CME ULSD and CME RBOB came mostly by cutting long positions. Only WTI had a reduction of net length through an increase of Open Interest and addition to the short side. In WTI, large speculators were adding to Open Interest and commercials reducing Open Interest, while in Brent the large speculators were reducing Open Interest and commercials increasing it.

The WTI options expire tomorrow and the large layer of Open Interest on the 55.00 \$/bbl calls seems to be too far away. A move below 50.00 \$/bbl would start entering in the layers of puts.

Total Open Interest in crude oil futures continues to increase, volume is at healthy levels but off the recent peaks.

Overall, speculative net length in crude oil futures remains very large and especially in Brent. On a price and position basis we are in the same situation as at the start of the year. The fundamentals have improved since then and that will prevent a return to the pricing lows of the year but a sustained move above 60.00 \$/bbl Brent needs fresh buying above that level, and the large speculators are already over-loaded in length.

