
New York Mercantile Exchange, Inc. and the Energy Markets

***Deniese Palmer-Huggins
Director, Houston NYMEX Office***

New York

Mercantile Exchange

NYMEX/COMEX. Two divisions, one marketplace.



Energy Complex

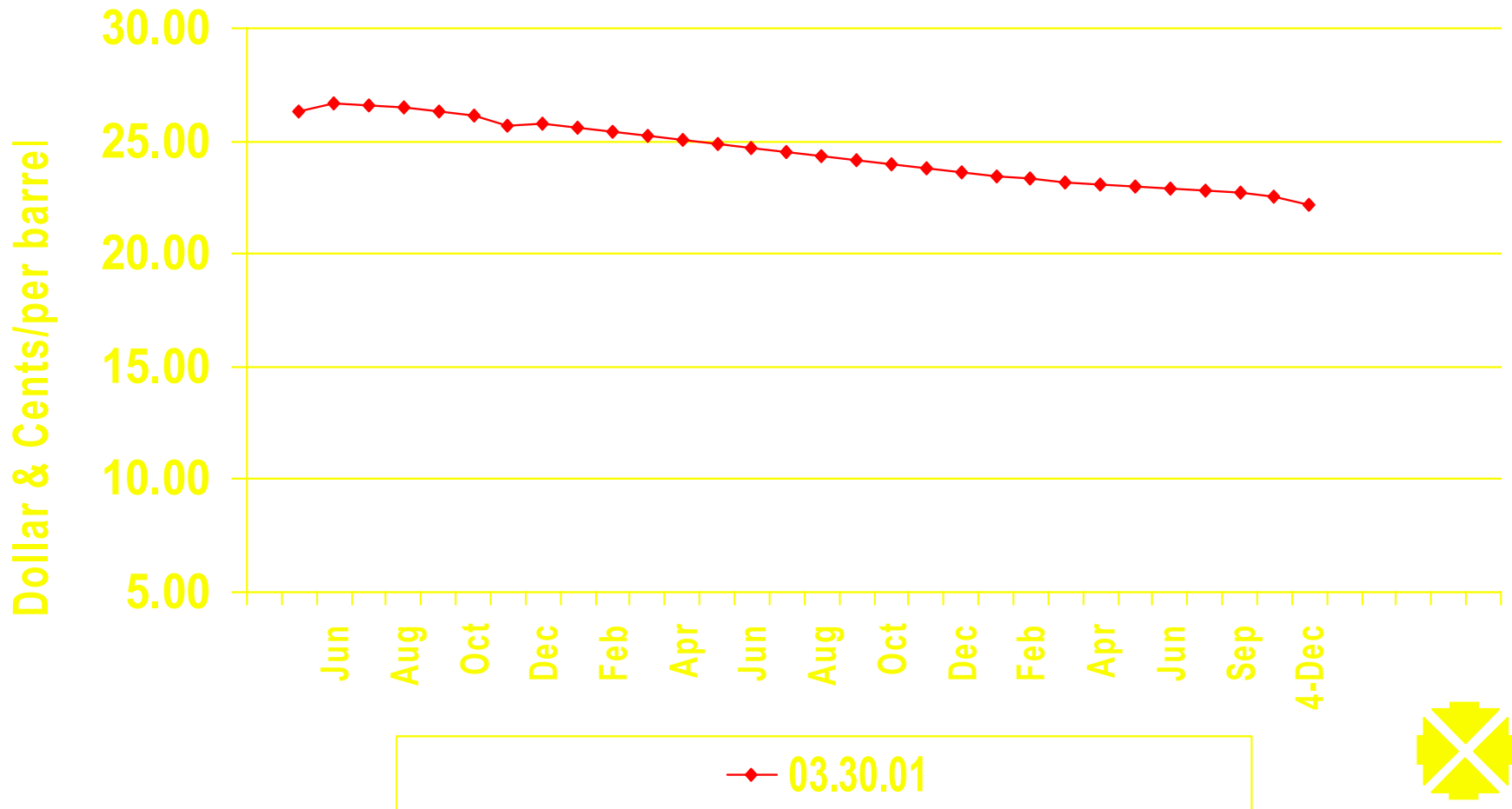
Contracts Traded

Introduce

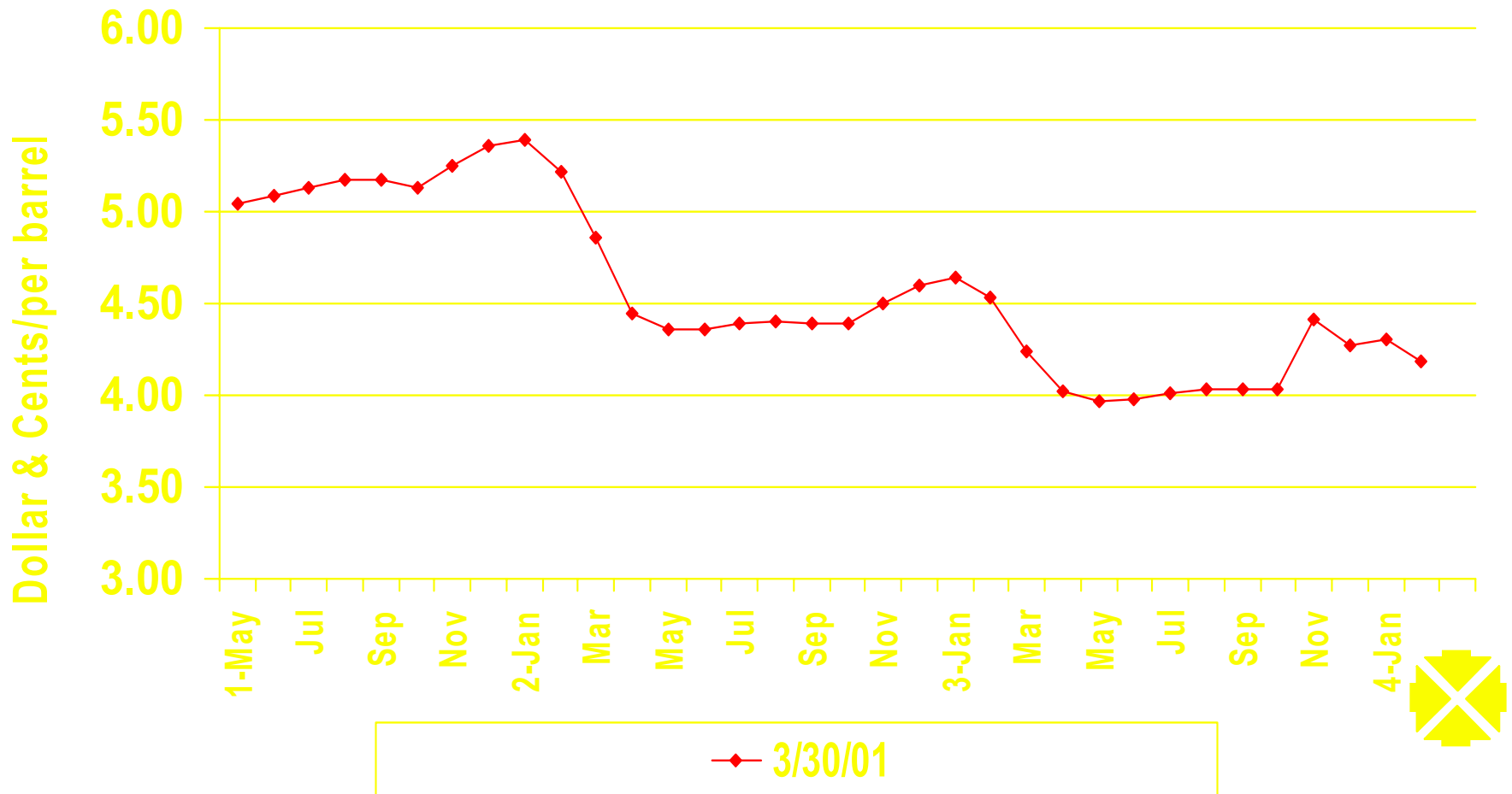
<i>Heating oil futures</i>	1978
<i>Crude oil futures</i>	1983
<i>Unleaded gasoline futures</i>	1984
<i>Crude oil options</i>	1986
<i>Heating oil options</i>	1987
<i>Propane futures</i>	1987
<i>Unleaded gasoline options</i>	1989
<i>Natural gas futures</i>	1990
<i>Natural gas options</i>	1992
<i>Crack spread options</i>	1994
<i>Western Electricity futures and options</i>	1996 /1998
<i>Eastern Electricity futures and options</i>	1998
<i>Electricity - PJM</i>	1999
<i>Middle East Crude oil futures and options</i>	2000
<i>Mid-C Electricity Futures and Options</i>	2000
<i>eNYMEX suite of products</i>	2001



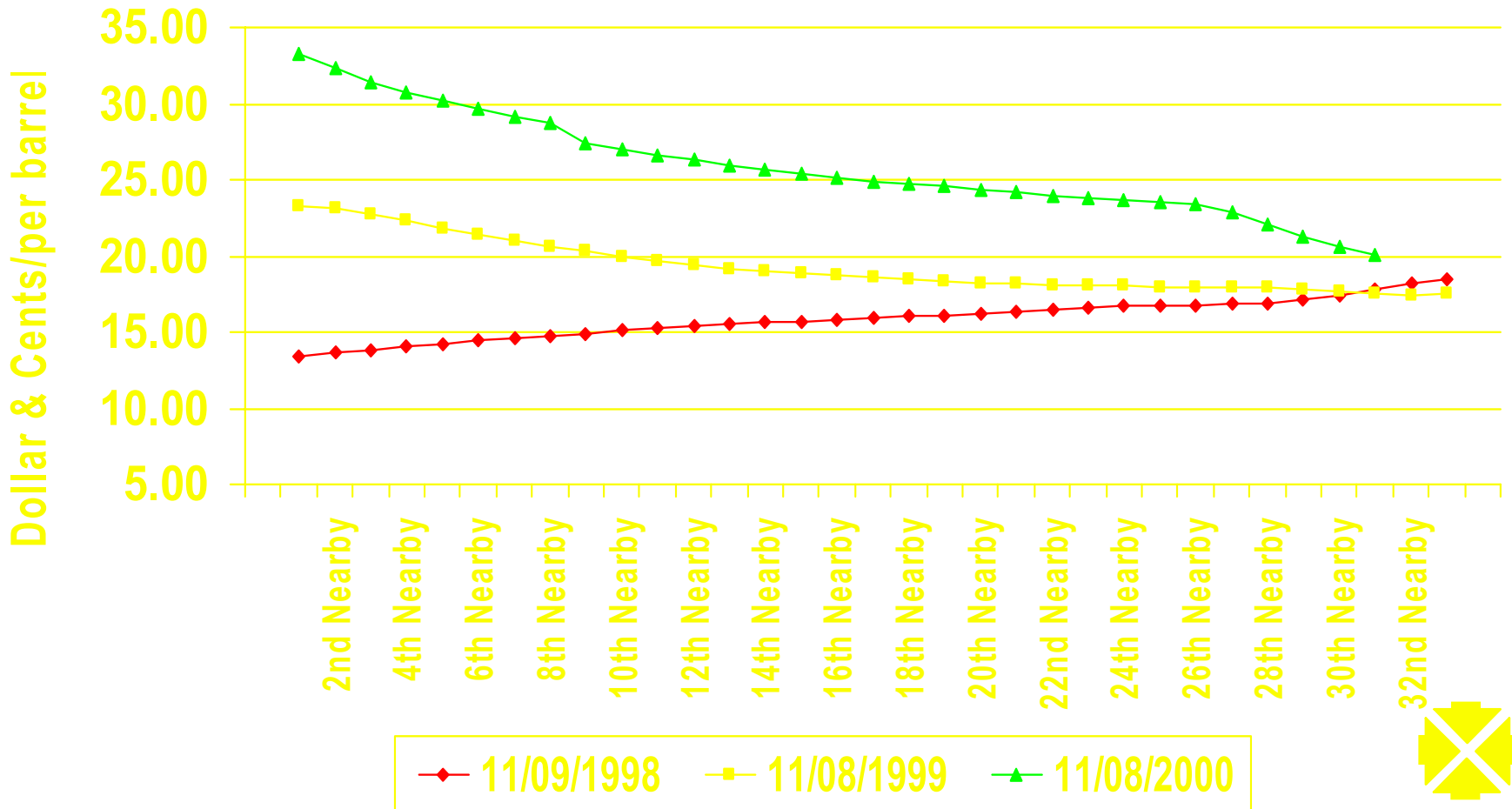
NYMEX CRUDE OIL FUTURES PRICES



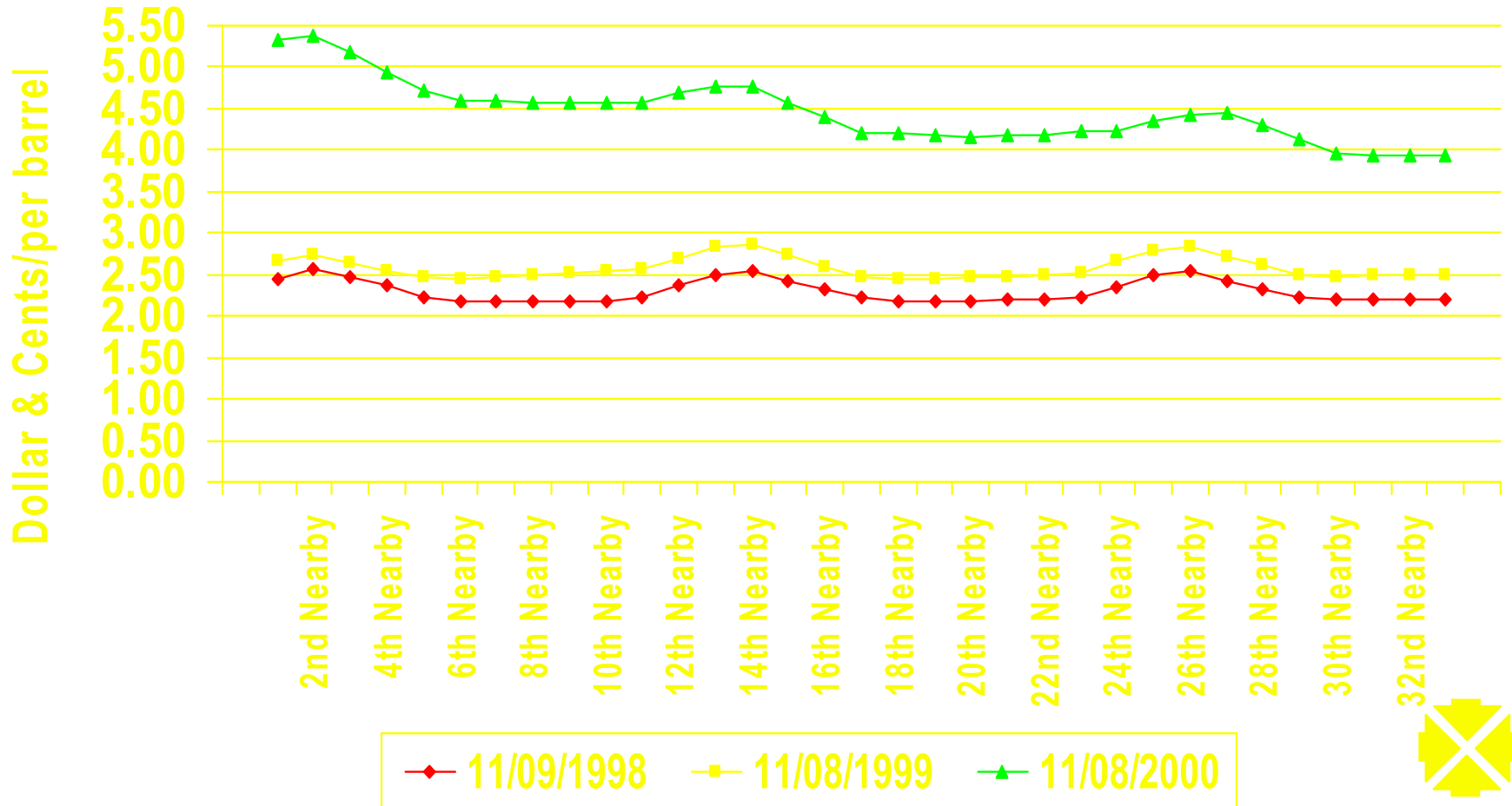
NYMEX NATGAS FUTURES PRICES



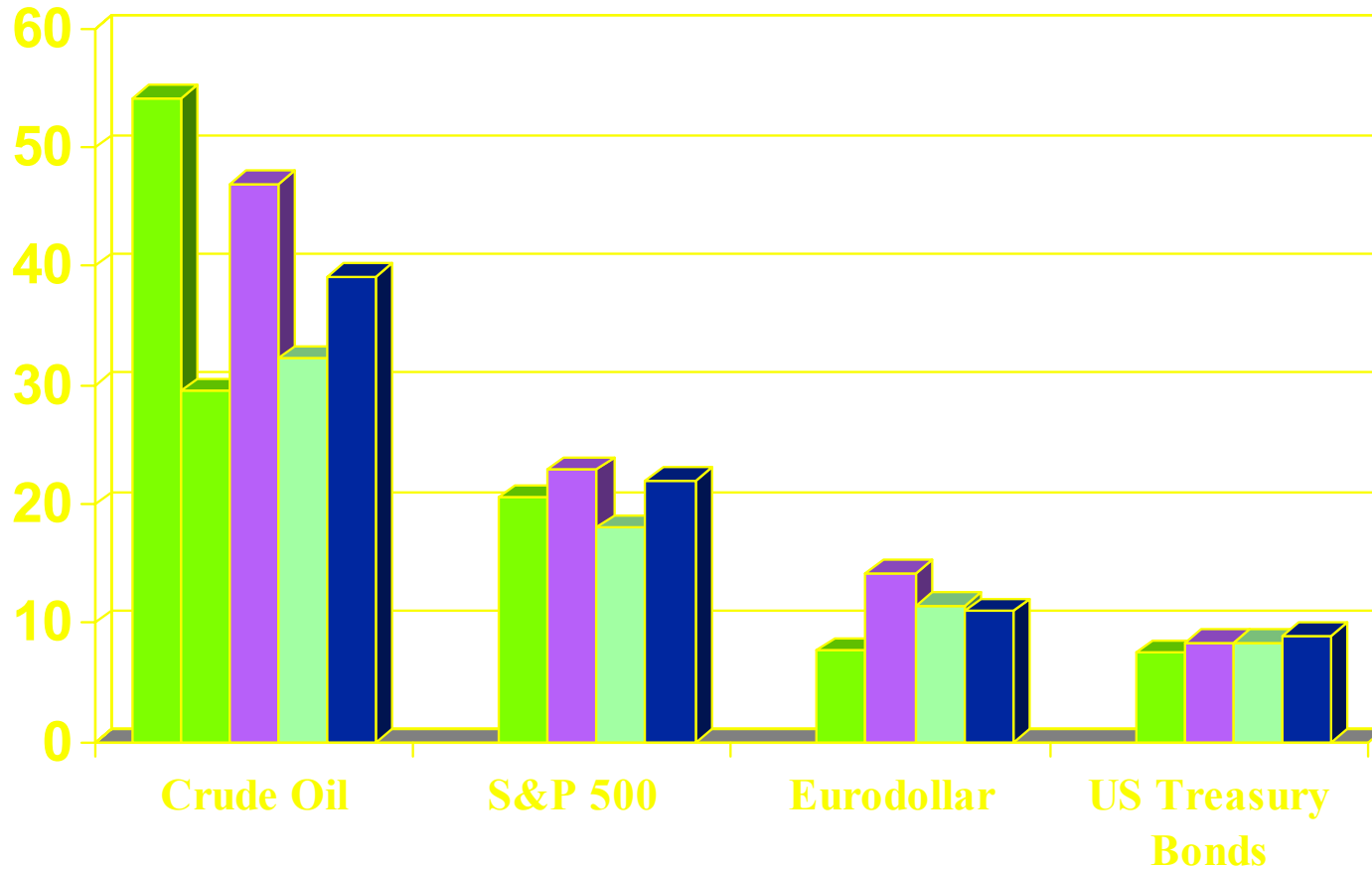
NYMEX CRUDE OIL FUTURES PRICES



NYMEX NATGAS FUTURES PRICES



Comparison of Volatility

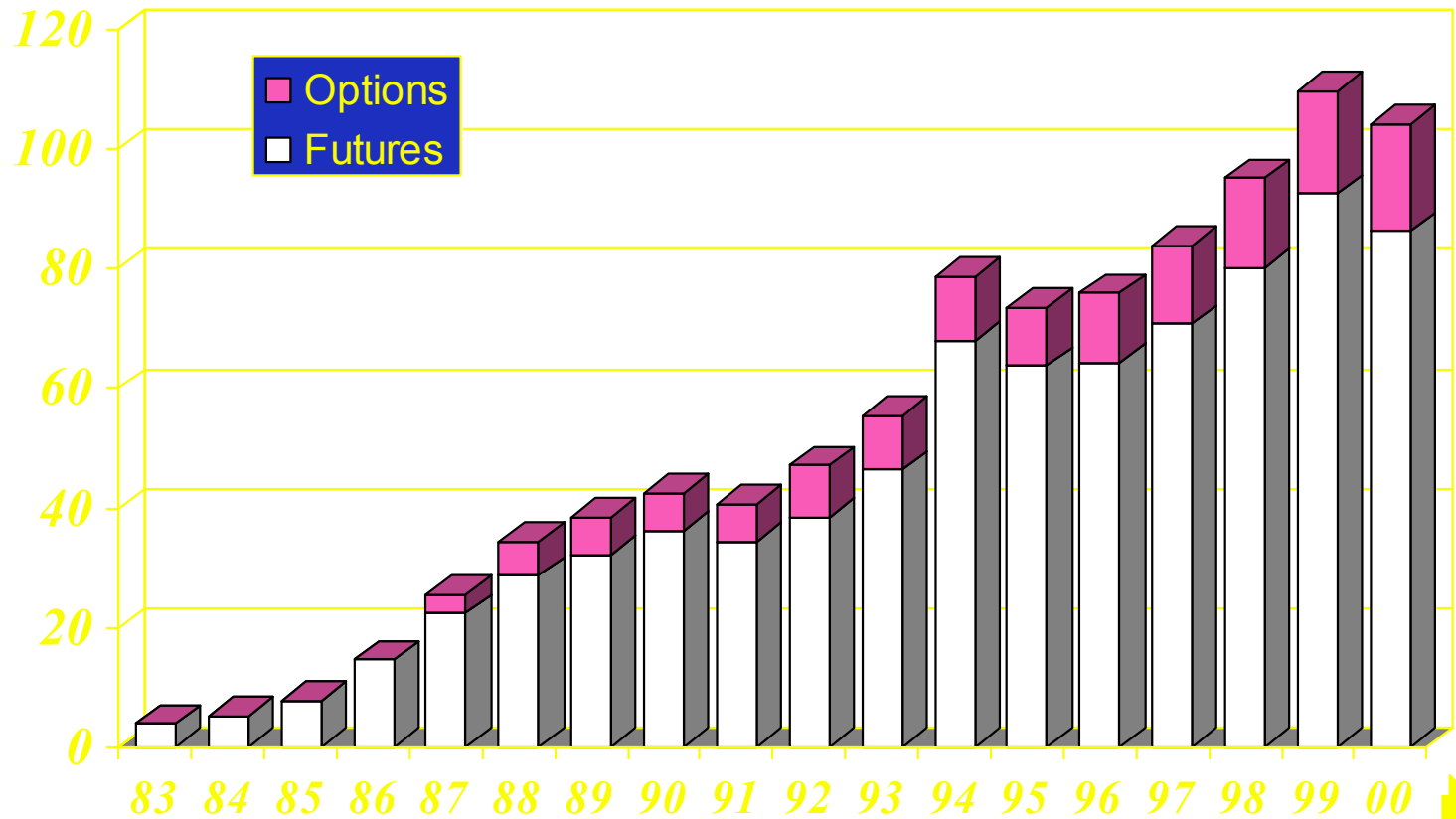


Source : Bloomberg
Note: 2000 thru 11/06

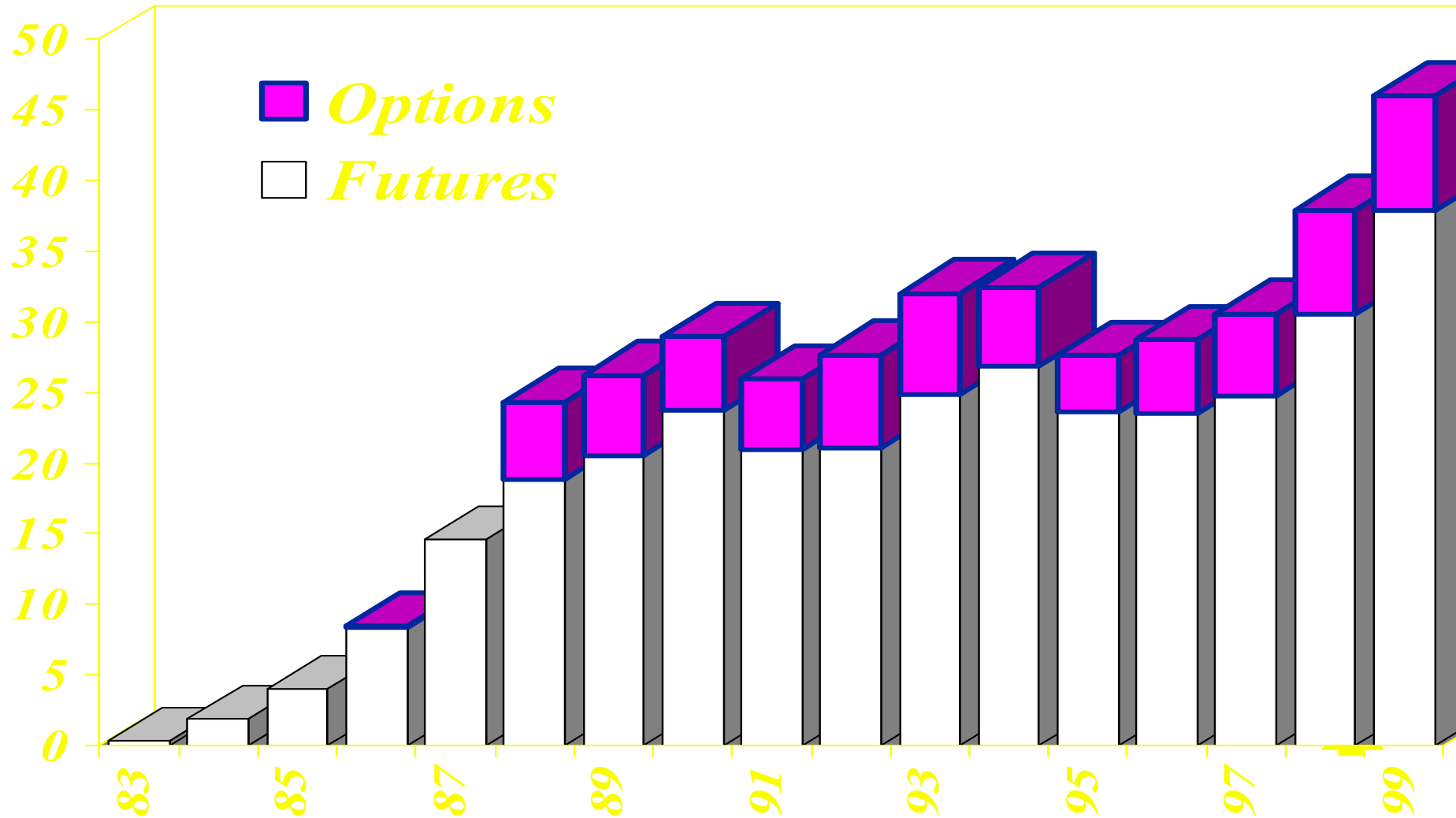
■ 1991 ■ 1997 ■ 1998 ■ 1999 ■ 2000



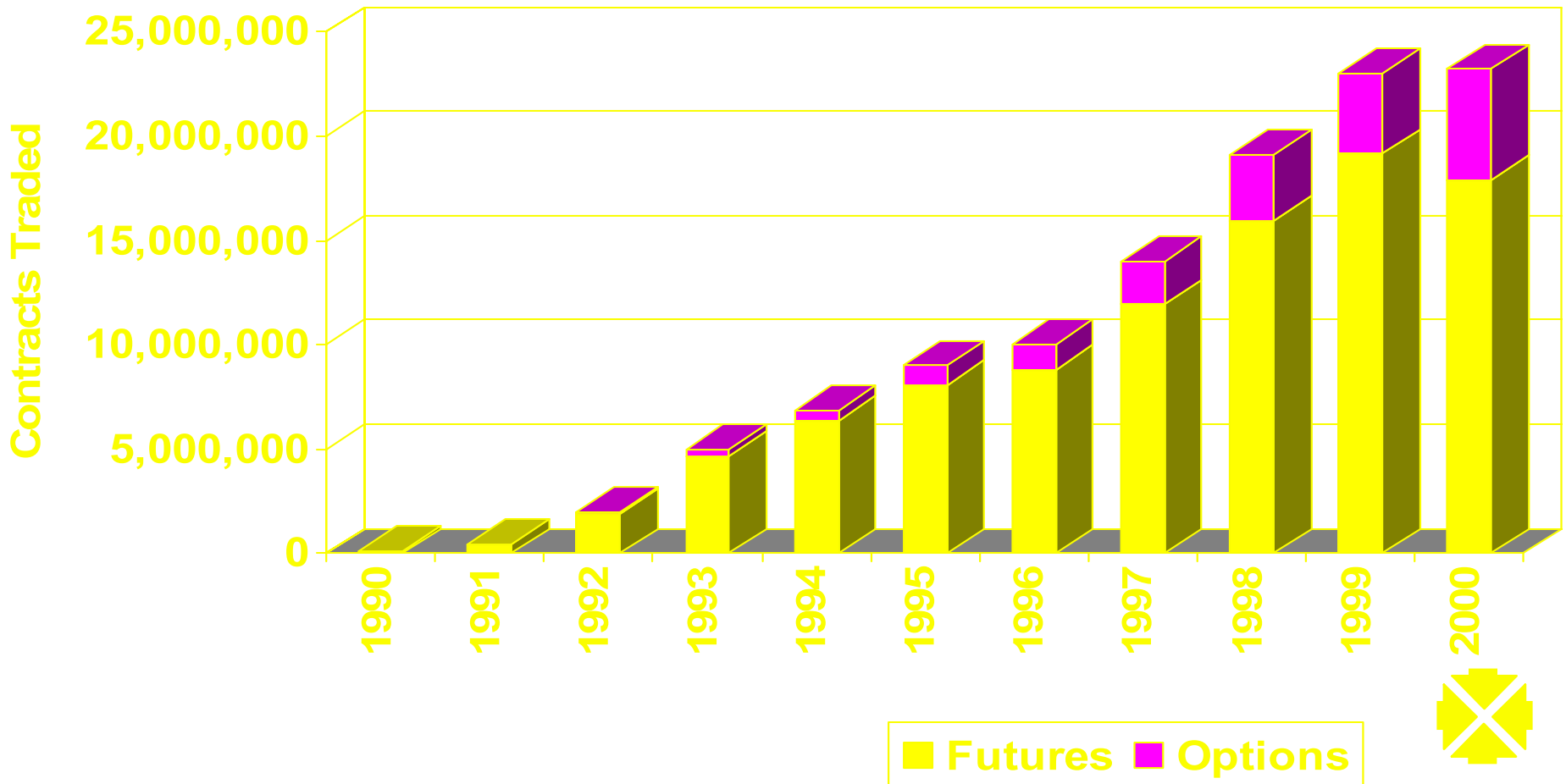
Total Volume of NYMEX Traded Contracts Million Contracts / Year



NYMEX Crude Oil Volume Million Contracts / Year

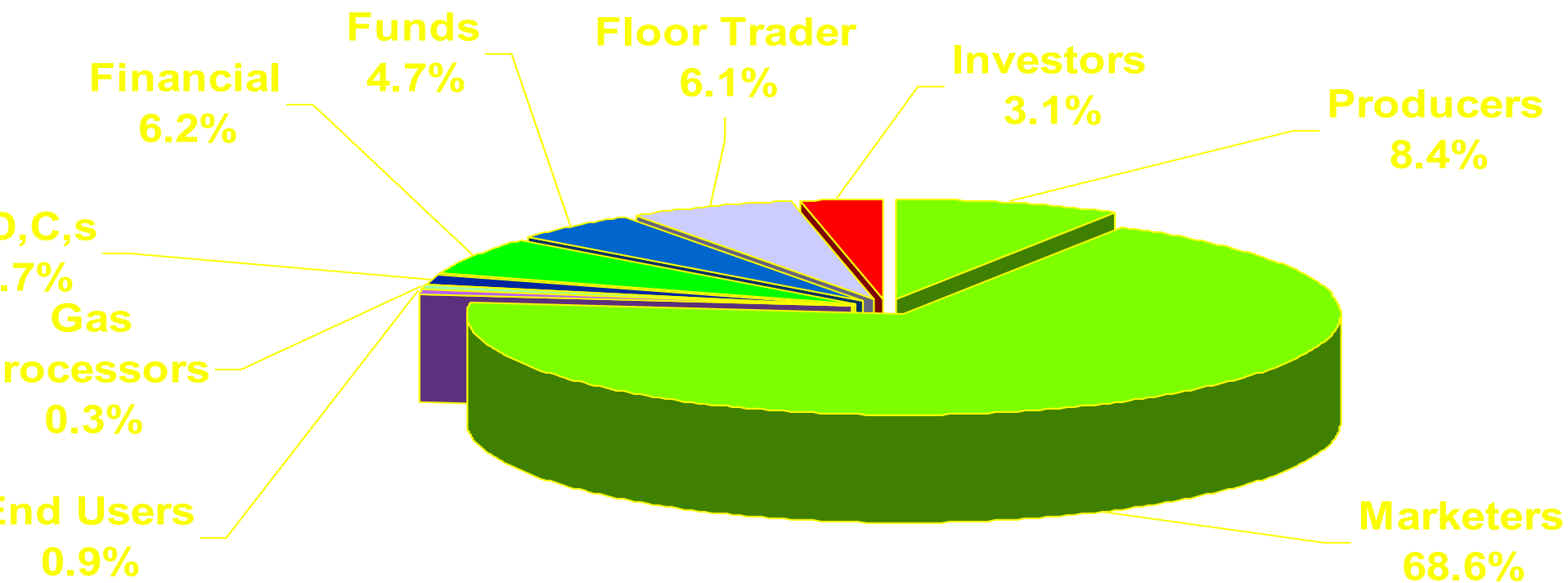


NYMEX NATURAL GAS ANNUAL VOLUME



NYMEX NATURAL GAS FUTURES

MARKET PARTICIPATION BY OCCUPATION OPEN INTEREST



2000



NYMEX Energy Market Participants

Producers: Firms primarily engaged in oil exploration and production

Integrated: Firms with oil production interests, refining, marketing and distribution operations

Refiners: Firms primarily engaged in refining and marketing

Marketers: Firms primarily engaged in wholesale / retail marketing and
Distribution

End-users: Ultimate consumers hedging their oil product demand

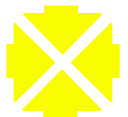
Traders: Firms actively trading physical oil in addition to paper barrels

Financial Institutions: Financial firms engaged in funding, underwriting ,
and trading futures and/ or options

Funds: CTA,s and managed- money accounts

Floor Market- Makers: Firms which have a physical presence in the trading ring
and provide short term liquidity to the market place by taking the opposite side of
competitive trades

0. **Speculators (Investors)**: Individual and retail investors



CURRENTLY TRADED GRADES

- **Light Sweet/Cushing - WTI, Low Sweet Mix, New Mexican Sweet, North Texas Sweet, Oklahoma Sweet, South Texas Sweet. Sulfur by weight of .42% or less; API of not less than 37 deg or more than 42 deg.**
- **Foreign grades acceptable: Oseberg Blend, Forties, Nigerian Bonny Light, Colombian Cuisiana and Nigerian Qua Iboe. Foreign grades must have not less than 34 deg API or more than 42 deg.**



NEW CRUDE OIL GRADES

- **LLS -meeting the Capline designated common stream quality.**
- **WTS/Midland -Sulfur 2.5% by weight; gravity: not less than 30 degrees API.**
- **WTI/Midland: must conform to TEPPCO's domestic sweet Common Stream designation.**
- **Mars/LOOP - Sulfur 2.5% by weight and API of not less than 26 degrees.**



SUMMARY

Why Use NYMEX?

- **Financial security**
- **Neutralize price risk with proven instruments**
- **Market liquidity**

NOT HEDGING IS STILL ACCEPTING PRICE RISK

