New York Mercantile Exchange, Inc. and the Energy Markets

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New York
Mercantile Exchange
NYMEX/COMEX. Two divisions, one marketplace.
# Energy Complex

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NYMEX NATGAS FUTURES PRICES

Dollar & Cents/per barrel

2nd Nearby
4th Nearby
6th Nearby
8th Nearby
10th Nearby
12th Nearby
14th Nearby
16th Nearby
18th Nearby
20th Nearby
22nd Nearby
24th Nearby
26th Nearby
28th Nearby
30th Nearby
32nd Nearby

11/08/1999
11/08/2000
Comparison of Volatility

Source: Bloomberg
Note: 2000 thru 11/06
Total Volume of NYMEX Traded Contracts
Million Contracts / Year

Options
Futures
NYMEX Crude Oil Volume
Million Contracts / Year

Options
Futures
NYMEX NATURAL GAS FUTURES
MARKET PARTICIPATION BY OCCUPATION OPEN INTEREST

- Marketers: 68.6%
- Producers: 8.4%
- Investors: 3.1%
- Floor Trader: 6.1%
- Financial: 4.7%
- Funds: 4.7%
- L,D,C,s: 1.7%
- Gas: 0.3%
- End Users: 0.9%
- Processors: 0.3%
- End Users: 0.9%

2000
NYMEX Energy Market Participants

1. Producers: Firms primarily engaged in oil exploration and production
2. Integrated: Firms with oil production interests, refining, marketing and distribution operations
3. Refiners: Firms primarily engaged in refining and marketing
4. Marketers: Firms primarily engaged in wholesale / retail marketing and Distribution
5. End-users: Ultimate consumers hedging their oil product demand
6. Traders: Firms actively trading physical oil in addition to paper barrels
7. Financial Institutions: Financial firms engaged in funding, underwriting, and trading futures and/ or options
8. Funds: CTA,s and managed- money accounts
9. 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
10. 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