



June 2012

ICE Brent Futures:

Front-month ICE Brent crude futures prices in May to just above \$100/bbl, a level not seen since early October 2011. The fall of \$17.79/bbl in May was due to a surge in oil supply, lacklustre oil demand, as well as the ongoing economic crisis. In early June, ICE Brent fell below \$100/bbl, to prices not seen since February 2011. OPEC countries, in particular Saudi Arabia, Libya and Iraq, have been producing more crude oil in recent months; while US light sweet crude oil production continues to increase. Overall oil demand figures are negative on a year-on-year basis in many OECD countries while economic data all over the world is below analyst forecasts. Structurally, the ICE Brent front timespread remains backwardated, at an average 47 cents/bbl in May, despite the weakening demand picture. Some analysts have noted that continued flows of North Sea Forties crude to South Korea plus seasonal maintenance on North Sea infrastructure in the next few months is keeping the Brent crude futures curve structure in backwardation.

ICE WTI Futures:

The front-month US WTI crude futures contract fell almost \$20/bbl during May to \$86.53/bbl by month end. Crude oil stocks in Cushing, the WTI delivery hub, continued to swell, to almost 48 million barrels at the start of June. US oil production has jumped by 600,000 bpd year-on-year as a raft of new tight oil plays in Texas, North Dakota and Oklahoma have come onstream. Beyond the fundamentals, analysts have pointed to disappointing US nonfarm payroll data as another reason for the drop in outright prices. The WTI front timespread contango remained stable, averaging minus 33 cents/bbl in May, only slightly above the 2012-to-date average of minus 39 cents/bbl.

ICE WTI-Brent Spread:

The news on May 19 of the formal reversal of the Seaway pipeline, transporting crude oil from storage facilities in Cushing to the US Gulf Coast has so far done little to narrow the spread between WTI and Brent futures prices. A few months ago many energy analysts expected WTI's discount to Brent to reduce in light of the de-bottlenecking at Cushing. However, during May, the spread widened from -\$14.67bbl to -\$15.78/bbl. Market watchers have since noted that the increase in domestic crude production is still outpacing the ability to move crude oil from the Cushing storage hub to refineries on the Gulf Coast and this affected regional oil prices.

ICE Gasoil Futures:

In line with crude oil futures, Gasoil futures fell significantly during May with the front-month shedding \$140/mt to finish the month at \$870.75/mt. The Gasoil crack also narrowed to just under \$16/bbl at the start of the month to an intra-month low of \$13/bbl mainly due to increased Russian exports, as well as warmer temperatures across Europe for part of May. Official data showed that at the end of April consumer stock-filling of heating oil in Germany was at average levels for the time of year despite the fact that in Euro terms one metric tonne of Gasoil was 60 Euros above April 2011 levels.

ICE Low Sulphur Gasoil Futures:

Low Sulphur Gasoil futures experienced similar drops in May, while the premium to Gasoil narrowed to \$12/mt at the end of May from an April average of \$18/mt. The Low Sulphur crack was stable in May at \$16.75/bbl, only 15 cents/bbl lower than in April. The first inter-month spread moved from a \$2/mt backwardation to flat with participants anticipating higher diesel demand during the summer months, according to analyst reports.

ICE Heating Oil Futures and Options Underlying Grade Specification Amendments and Contract Month Listing Extension

Effective June 4, 2012, ICE has amended the underlying grade specification of Heating Oil contract months from and including the May 2013 listing. The prevailing market will be for Ultra Low Sulphur Diesel (ULSD) in New York Harbour, meeting the specifications of the Colonial Pipeline's Fungible Grade 61, in accordance with a change in permissible sulphur content levels in heating oil. This grade will have a maximum sulphur content of 15 ppm. Contract listings up to and including April 2013 will continue to reflect the market price for No.2 Heating Oil (2,000 ppm sulphur content) in New York Harbour. The Heating Oil contract month listing has been extended to December 2014. For further details please click [here](#).

ICE to Launch 33 New Cleared OTC Contracts on June 18, 2012

ICE will launch 33 new cleared OTC contracts on Monday, June 18, 2012 of which 15 will be Global Oil and Refined Petroleum Products. These include a suite of Singapore 0.05% Gasoil Swaps and also US Gulf Coast ULSD Swaps. Full details of all the contracts can be found [here](#).

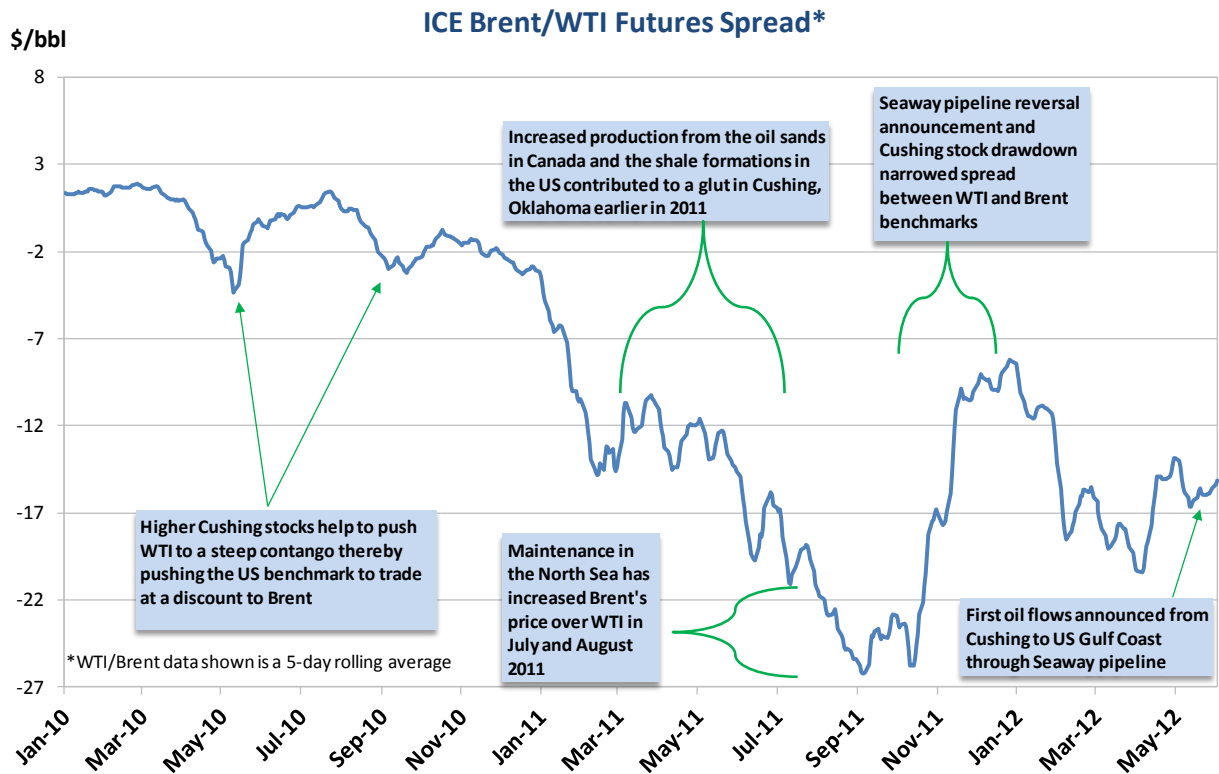
EFM for Gasoil and Low Sulphur Gasoil Futures and Options

ICE announced on June 6, 2012 that the Exchange of Futures for (Related) Market (EFM) facility is now available to market participants holding positions in ICE Gasoil Futures and Options contracts. These contracts can be exchanged using the EFM facility for similar positions in the ICE Low Sulphur Gasoil contract. For more information on the EFM facility please read the ICE Futures Europe Circular [here](#).

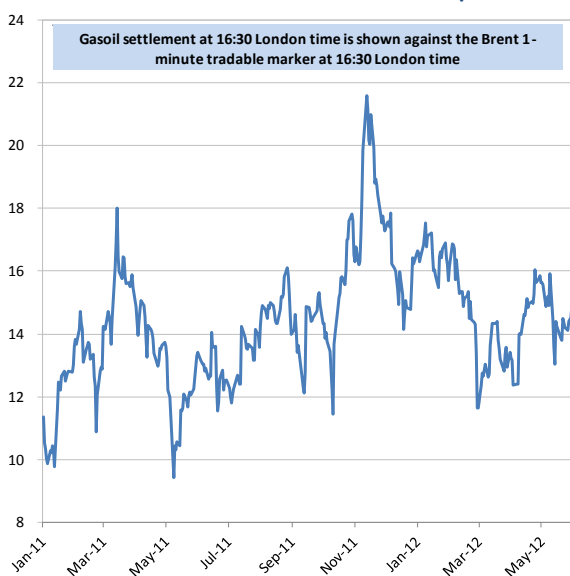
ICE Brent Crude Options Reach New Record Volumes in May 2012

During May 2012, ICE reported record daily and monthly volumes for Brent Crude Options on Futures. 123,094 lots were traded on May 31 while the month as a whole saw a total of 1,090,080 contracts traded. Open Interest also hit a high of 1,120,234 contracts on May 10.

ICE Spread Markets – Energy Products



Front Month ICE Gasoil Futures Crack Spread



Cross Commodity Spread Trading on ICE - Key Benefits & the Removal of 'Legging Risk'

ICE Brent/WTI Spread:

- The only Brent/WTI spread available for trading on-exchange
- Liquid markets in both Brent and WTI
- 75-85% margin offset between ICE Brent and ICE WTI Futures (tier 1)

ICE Gasoil Crack Spread:

- Prices regularly quoted for 6 months forward
- Tight bid/ask spreads enable swift market execution
- Up to 80% margin offset between ICE Gasoil and ICE Brent Futures (tier 1)

ICE Heating Oil/Gasoil (HOGO) Spread:

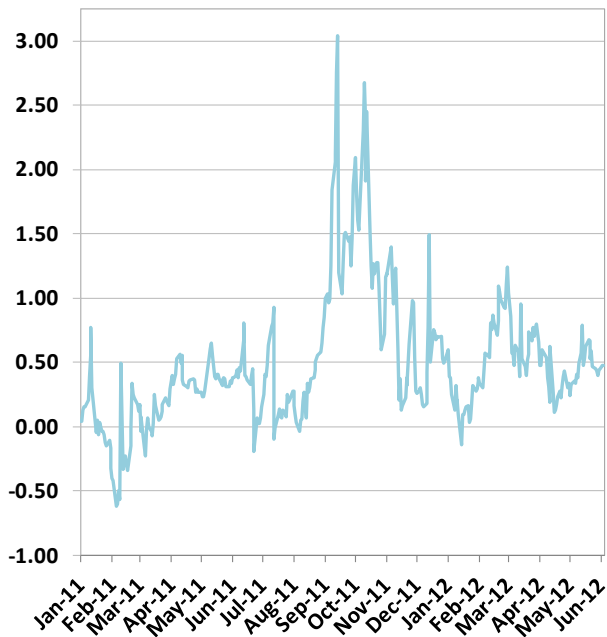
- Increased liquidity in ICE Heating Oil in addition to highly liquid on-screen gasoil futures
- A 70% margin offset between ICE Heating Oil and ICE Gasoil futures (tier 1)

ICE NYH RBOB/ Heating Oil Spread:

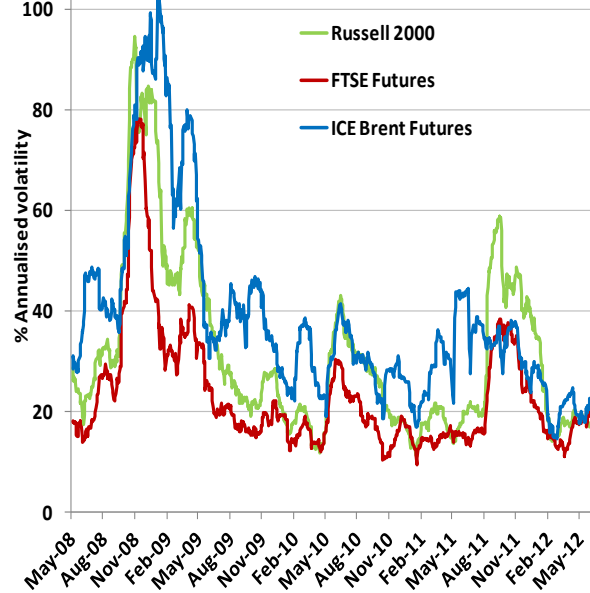
- A recently introduced spread available on WebICE providing up to 80% margin offset
- The differentials break into the two existing underlying futures contracts

ICE Brent Crude Futures

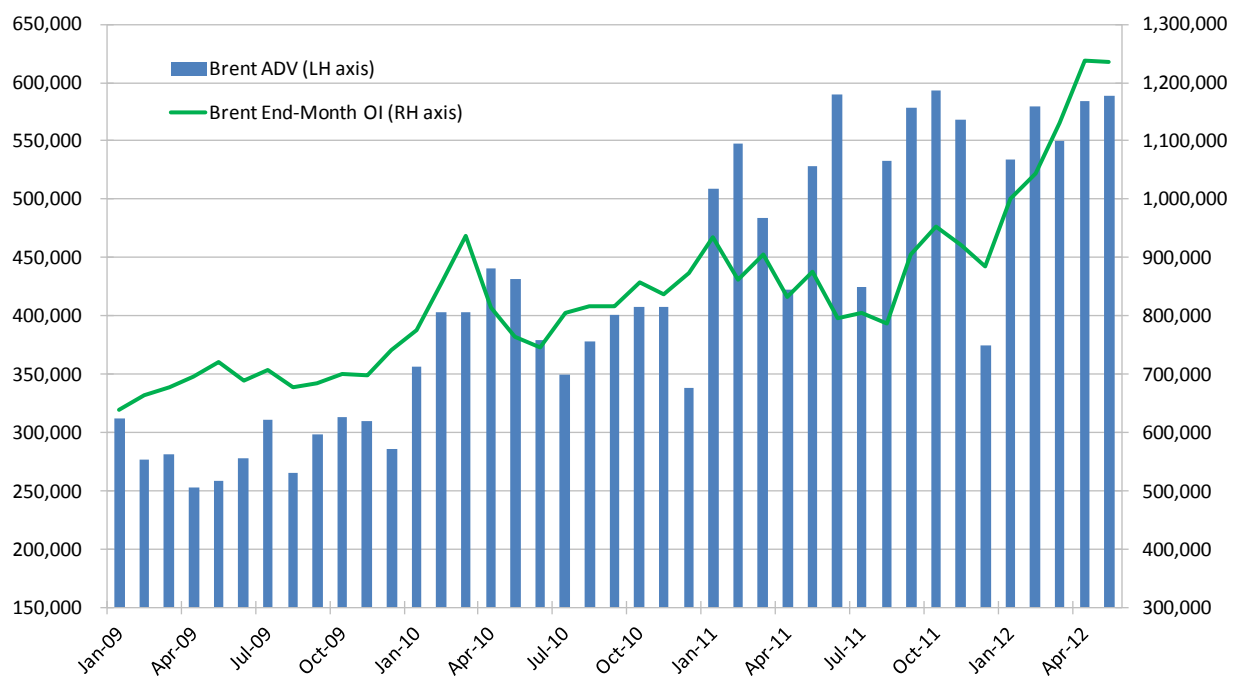
\$/bbl First nearby ICE Brent Futures Spread



ICE Brent 30-day Historical Volatility vs. Equity Markets



Lots/Day (ADV) ICE Brent Futures Volume (ADV) and End of Month Open Interest (OI) Trends



May 2012 Volume Summary for ICE Brent Crude Futures:

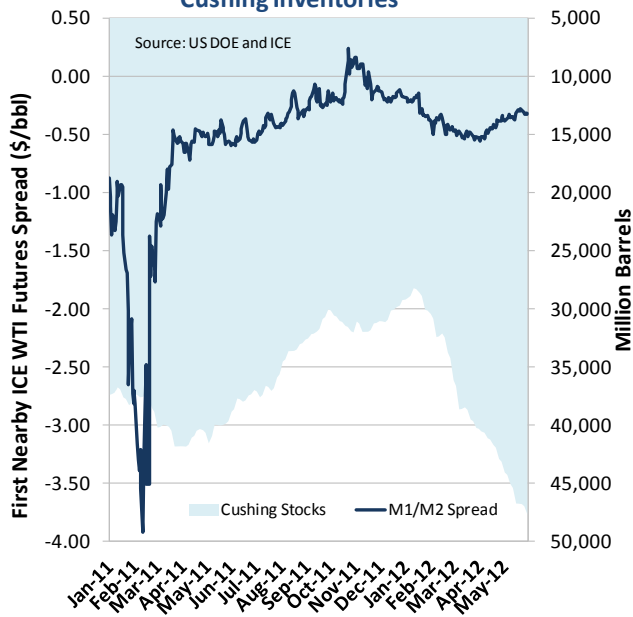
ADV (lots)
588,312

Year on Year Change
+11.39%

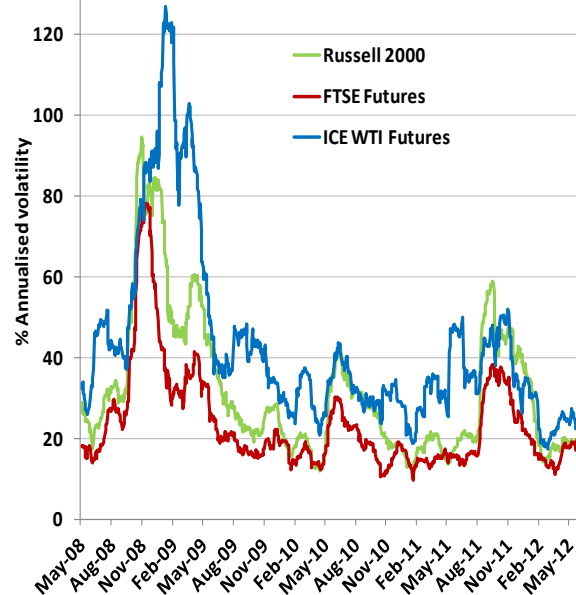
End Month OI (lots)
1,235,045

ICE WTI Crude Futures

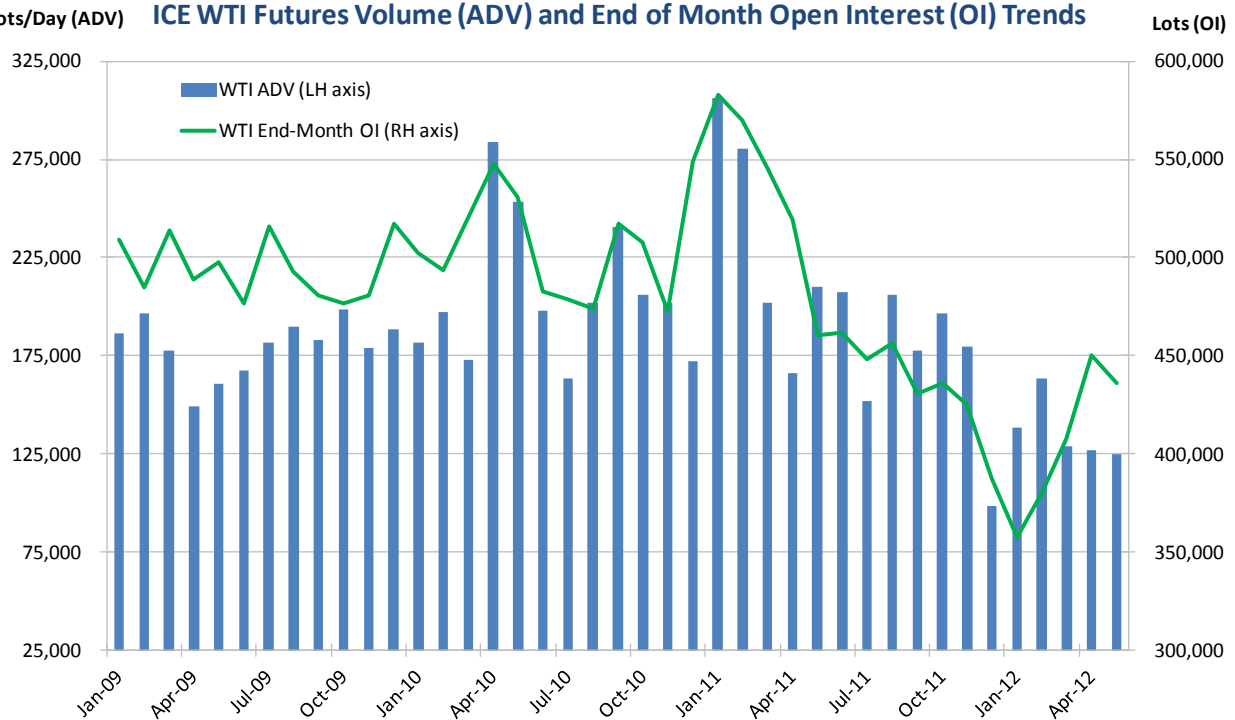
First Nearby ICE WTI futures Spread vs. Cushing Inventories



ICE WTI 30-day Historical Volatility vs. Equity Markets



ICE WTI Futures Volume (ADV) and End of Month Open Interest (OI) Trends



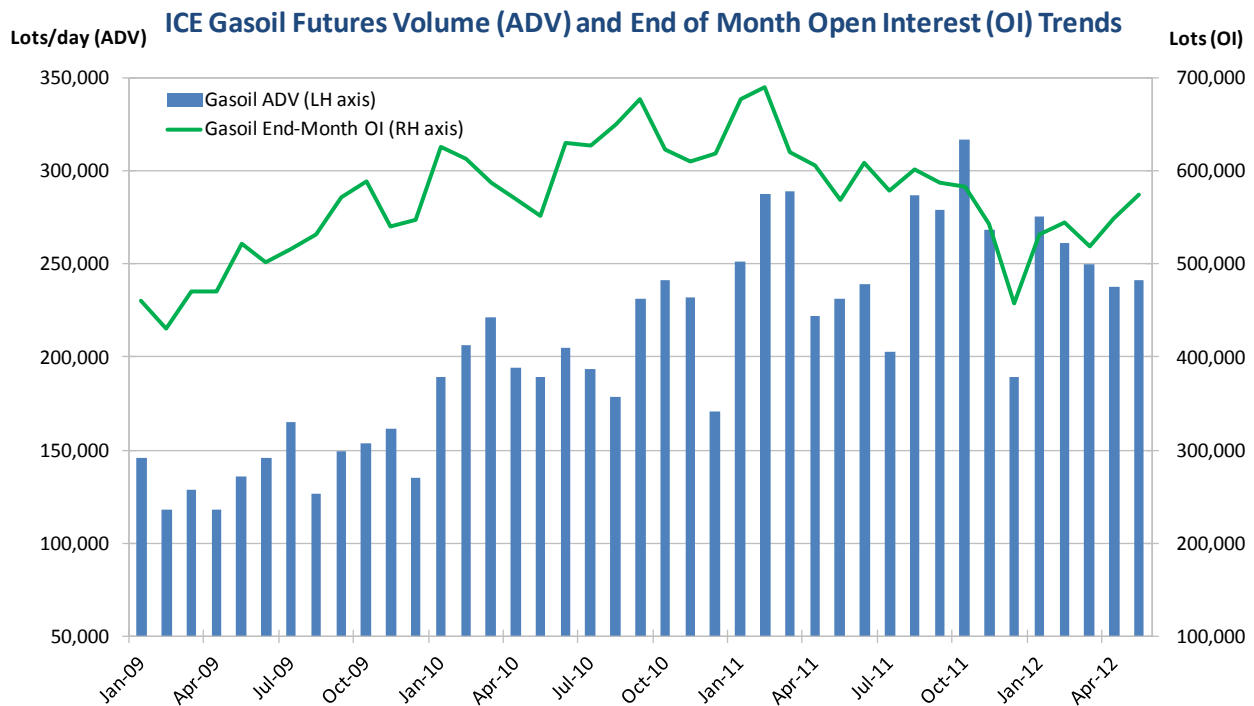
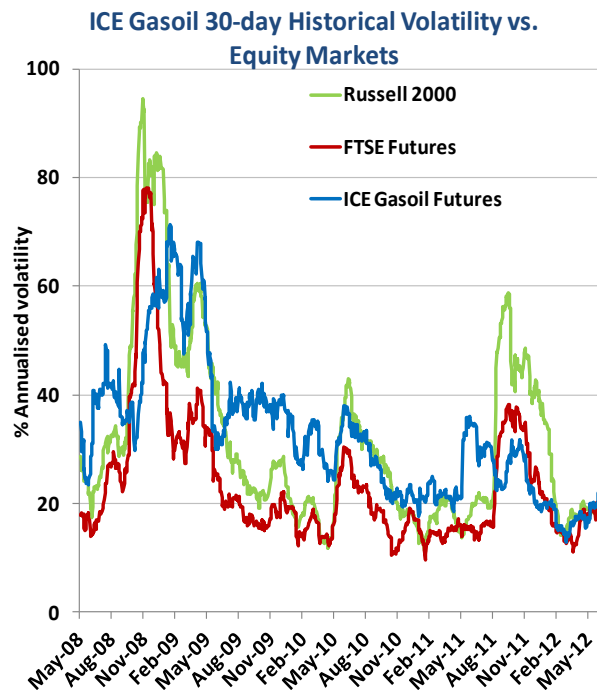
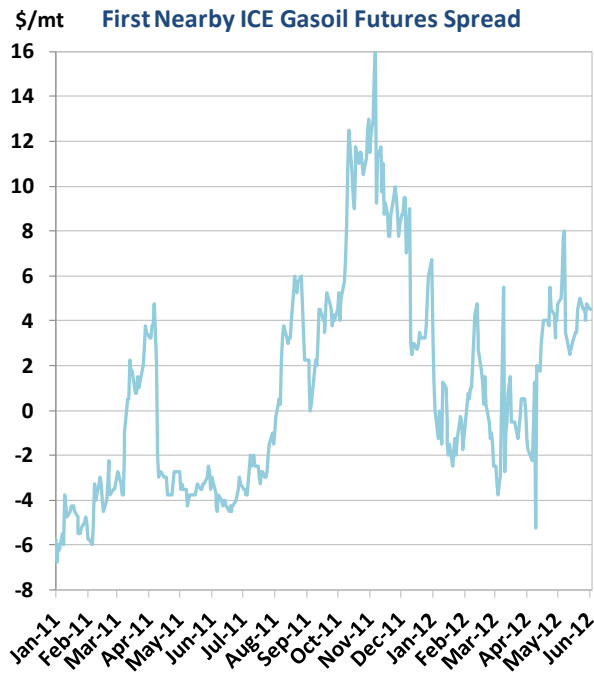
May 2012 Volume Summary for ICE WTI Crude Futures:

ADV (lots)
124,834

Year on Year Change
-40.57%

End Month OI (lots)
436,125

ICE Gasoil Futures



May 2012 Volume Summary for ICE Gasoil Futures:

ADV (lots)
240,953

Year on Year Change
+4.18%

End Month OI (lots)
573,844

Crude Oil and Refined Products Available for Trading on ICE Futures Europe

ICE Futures and Options Contracts – Crude Oil and Refined Products:

A comprehensive list of all oil futures and options contracts available for trading on the WebICE electronic trading platform can be found at:

[ICE Crude and Refined Oil Products](#)

ICE lists a series of exchange traded and cleared oil options contracts. The tables below show the ICE oil options contracts available, including margining style and costs associated with trading and clearing each option contract.

OTC Energy Products:

ICE lists many OTC products, including Balance of Month swaps for clearing. For a comprehensive list of all ICE OTC energy contracts, please visit:

[ICE OTC Energy Products](#)

ICE Exchange Traded Oil Options (on-screen):

Contract name	Margining style	Exchange Fees
ICE Brent Options (Physical Code B)	Futures style margining	*Screen \$0.73 per lot + \$0.09 clearing
ICE Gasoil Options (Physical Code G)	Futures style margining	*Screen \$0.73 per lot + \$0.09 clearing
ICE Low Sulphur Gasoil (Physical Code ULS)	Futures style margining	*Screen \$0.73 per lot + \$0.09 clearing
ICE WTI Options (Physical Code T)	Equity style margining	*Screen \$0.73 per lot + \$0.09 clearing

*Per lot per side

ICE OTC Calendar Spread Oil Options OTC (cleared):

Contract name	Margining style	ICE Block Fees
ICE 1-Mo Brent Calendar Spread Options (Code BRM)	Equity style margining	*\$1.25 per lot + \$0.09 clearing
ICE 12-Mo Brent Calendar Spread Options (Code BRZ)	Equity style margining	*\$1.25 per lot + \$0.09 clearing
ICE 1-Mo WTI Calendar Spread Options (Code TIA)	Equity style margining	*\$1.25 per lot + \$0.09 clearing
ICE 12-Mo WTI Calendar Spread Options (Code TIZ)	Equity style margining	*\$1.25 per lot + \$0.09 clearing
ICE 1-Mo Gasoil Calendar Spread Options (Code GOA)	Equity style margining	*\$0.60 per lot + \$0.09 clearing

*Per lot per side

ICE OTC Oil Options (cleared):

Contract name	Margining style	ICE Block Fees
ICE European style Brent Options (Physical Code BUL)	Equity style margining	*\$1.25 per lot + \$0.09 clearing
ICE European style Gasoil Options (Physical Code GUL)	Equity style margining	*\$0.60 per lot + \$0.09 clearing
ICE European style WTI Options (Physical Code WUL)	Equity style margining	*\$1.25 per lot + \$0.09 clearing
ICE Asian style Brent Options (Physical Code BSP)	Equity style margining	*\$1.25 per lot + \$0.09 clearing
ICE Asian style Gasoil Options (Physical code GSP)	Equity style margining	*\$0.60 per lot + \$0.09 clearing
ICE Asian style WTI Options (Physical Code WSP)	Equity style margining	*\$1.25 per lot + \$0.09 clearing

*Per lot per side

ICE Clear Europe – Margin Rates

Margin rates for ICE Futures Europe and ICE OTC contracts:

For details of margin rates and the margin offsets available, please visit our website. ICE offers Margin rates and inter-commodity offsets can be found within the product section of each contract, for example:

ICE Brent Margins:

[Brent Margins](#)

ICE Brent NX Margins:

[Brent NX Margins](#)

ICE WTI Margins:

[WTI Margins](#)

ICE Gasoil Margins:

[Gasoil Margins](#)

ICE Low Sulphur Gasoil Margins:

[Low Sulphur Margins](#)

SPAN®

All SPAN® margin parameters for ICE Futures Europe and ICE OTC contracts can be found in a series of separate files:

[SPAN Parameters](#)

Each product section on the ICE website provides the following margin details:

- **General contract information:** logical code, currency, multiplier, effective date of latest margin rates
- **Scanning range details:** new and previously applied scanning rates together with tier structure definition
- **Intermonth:** new and previous calendar spread rates and charges, as well as inter-month structure
- **Inter-commodity:** new in comparison with old inter-commodity offset rates, delta ratios for each pair and tier definitions
- **Options:** volatility scanning ranges and short option minimum rates per tier
- **Strategy spreads:** new and previous spread rates and charges for butterfly and condor strategies
- **Delivery parameters:** sellers and buyers security for physically delivered contracts

Further Information

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