

***Global Commodities Applied Research Digest (GCARD)***  
**Editorial Advisory Board Panel on Chinese Commodity Demand**

**J.P. Morgan Center for Commodities (JPMCC)  
University of Colorado Denver Business School**

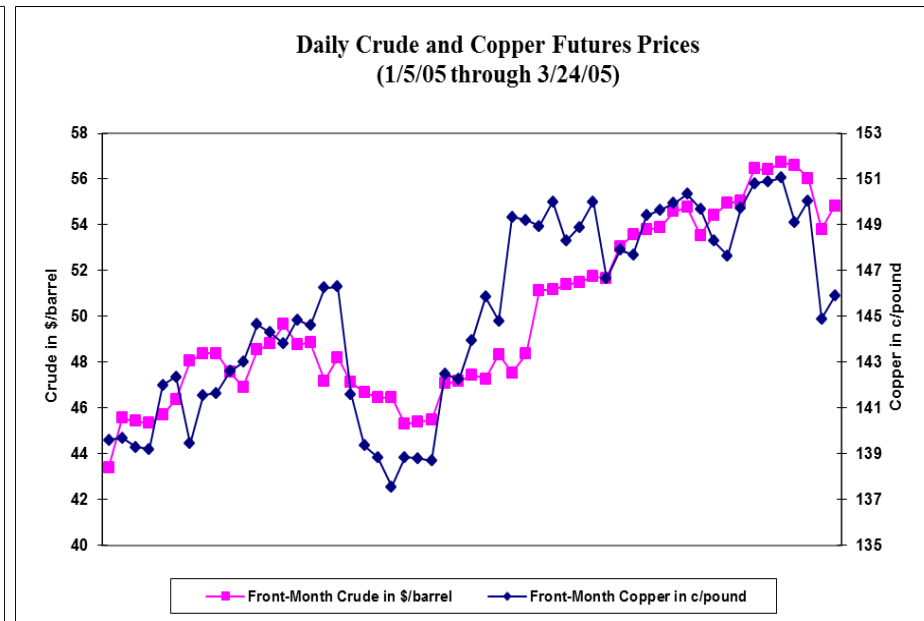
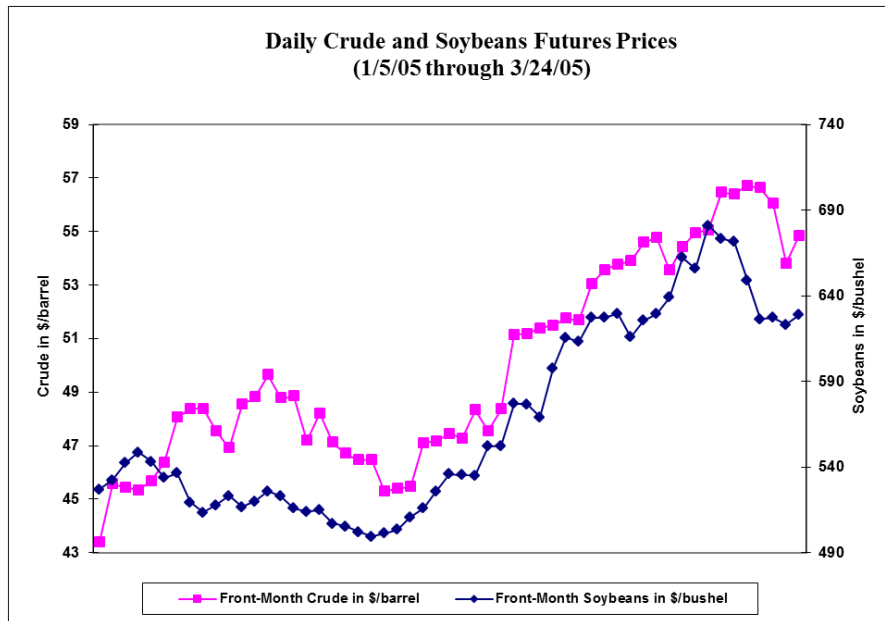


**August 10, 2017**

**Session Chair: Hilary Till  
Research Council Member, JPMCC;  
Research Associate, EDHEC-Risk Institute; and  
Principal, Premia Risk Consultancy, Inc.**

# I. INTRODUCTION

**Stein (2005): “This [was] ... the first business cycle where Chinese demand ... [had] a global effect on prices, notably of energy and other raw materials.”**



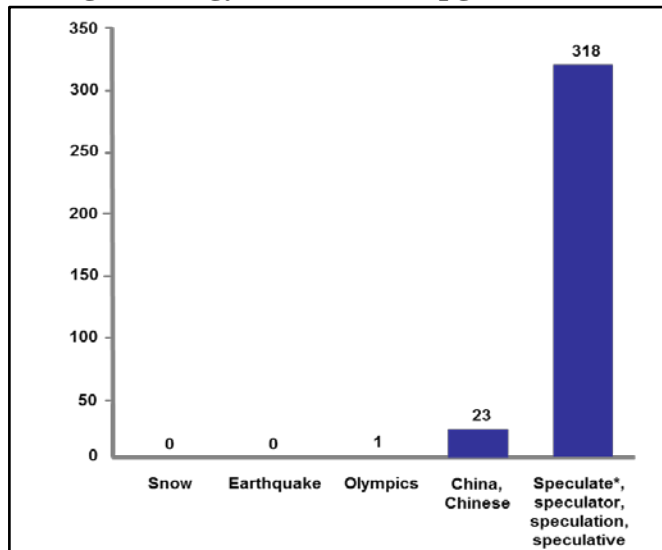
Source of graphics: Till (2008).



# I. INTRODUCTION (Continued)

**That said, the widespread understanding of the impact of Chinese commodity demand was surprisingly delayed.**

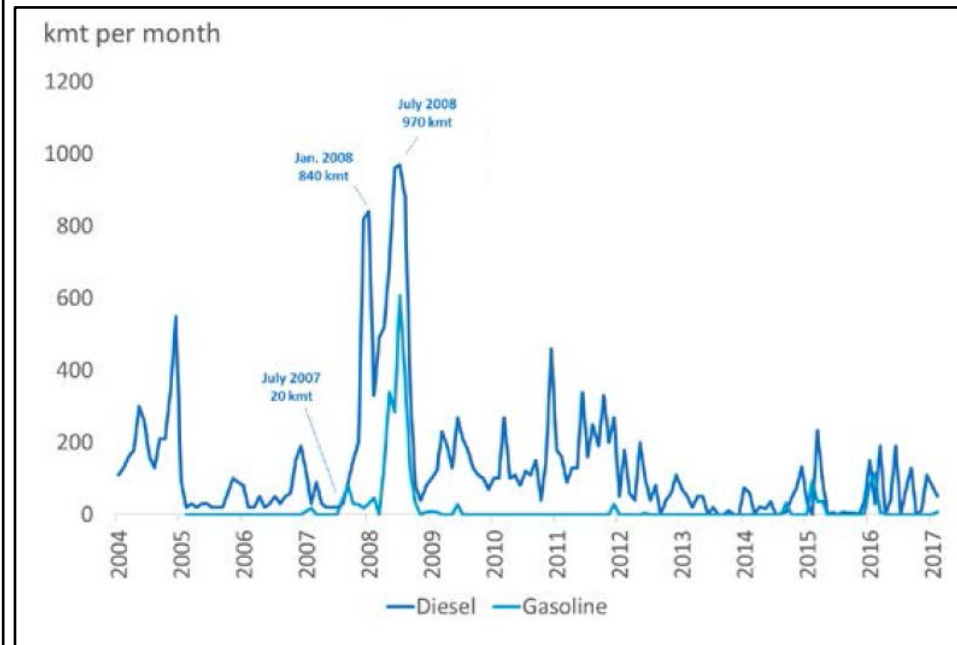
**Times word mentioned in Sept 2008 U.S. Senate Hearing before Subcommittee on Energy, “Speculative Investing in Energy Markets” (88 pgs, 52,935 words)**



Note: “The hearing took place before the Subcommittee on Energy of the Committee on Energy and Natural Resource, United States Senate, September 16, 2008. It was entitled ‘Speculative Investment in Energy Markets.’ \*includes ‘speculating’”

Source of graphic: J.P. Morgan (2013).

**Gasoline and Diesel Imports into China**



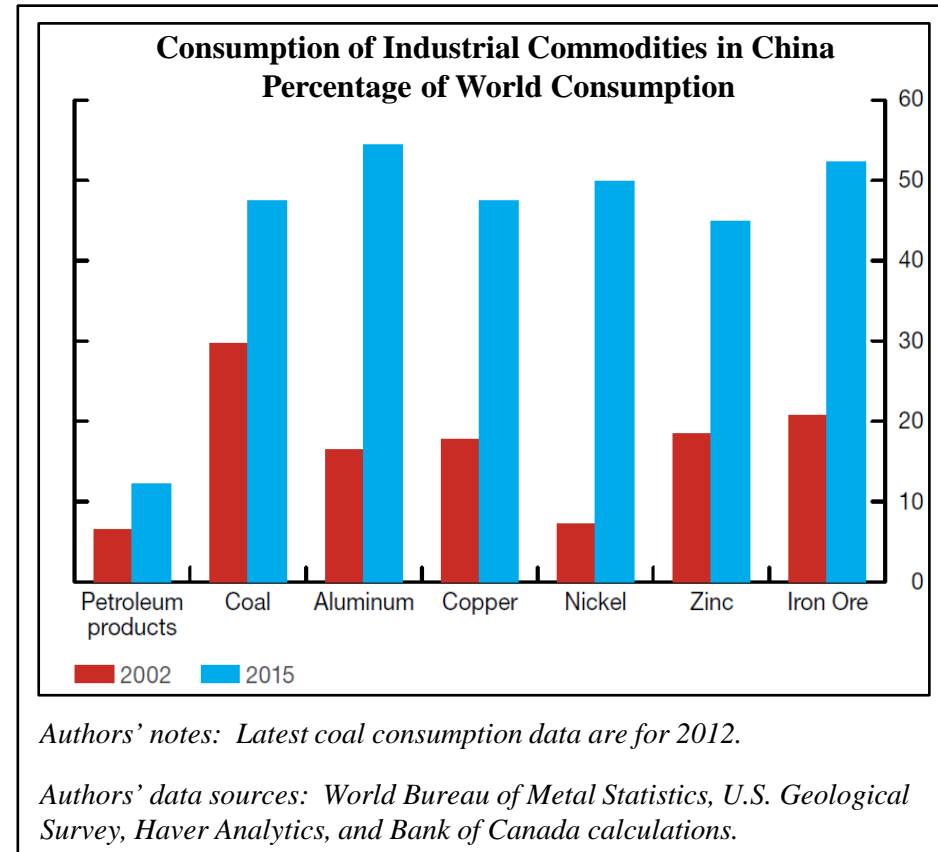
Author’s data sources: China’s National Bureau of Statistics and Blacklight Research LLC.

Source of graphic: Fenton (2017).



# I. INTRODUCTION (Continued)

**We now know that “[b]etween 2002 and 2014, the increase in Chinese demand was large enough to account for all of the increase in global metals consumption and more than half of the increase in global oil consumption.”**  
**(Büyükhahin *et al.*, 2016.)**



*Source of graphic: Büyükhahin et al. (2016).*



## **I. INTRODUCTION (Continued)**

**What can we currently say about the changing composition of demand for commodities in China?**

**In addition, what can we infer about the role of commodities as collateral for loans in China as a driver of demand for commodities beyond strictly speaking, industrial demand?**

**And what has the impact of Chinese trading firms been on commodity markets?**

**This morning's panelists will provide answers to these questions and will also cover other topics unique to their respective professional expertise.**



## II. PRESENTERS

*Ms. Jodie Gunzberg, CFA*

*Managing Director, S&P Dow Jones Indices*

### **“Chinese Demand Counts More for Certain Commodities”**

- **Which sectors and commodities are influenced most by Chinese demand growth?**
- **How does Chinese demand growth impact storable versus perishable commodities?**
- **Which commodities are most sensitive to Chinese currency devaluation?**
- **How may the growth in commodity investing in Asia impact volatility of commodities?**



## **II. PRESENTERS (Continued)**

*Dr. Keith Black, Ph.D., CFA, CAIA*

*Managing Director, Chartered Alternative Investment Analyst Association*

### **“Chinese Commodity Demand and the Role of Credit Markets”**

- **The emergence of China’s credit market as a new influence on commodity prices**
- **The important role that some commodities have played as collateral for lending**
- **The implications of commodities as collateral in China**



## II. PRESENTERS (Continued)

*Dr. Kevin (Kaifeng) Chen, Ph.D.*

*Senior Advisor, Pureheart Fund Management (Asia)*

**“Supply Side Economic Reform in China and Global Commodities Dynamics”**

- **The Supply Side Economic Reform in China**
- **Potential Impact of End-User Demand of Commodities from China**
- **The Financialization of Commodities Markets in China**





# REFERENCES

Büyükşahin, B., Mo, K. and K. Zmitrowicz, 2016, “Commodity Price Supercycles: What Are They and What Lies Ahead?”, *Bank of Canada Review*, Fall.

Fenton, C., 2017, “Where Has China’s Oil Gone? Official Chinese Data Give Differing Answers,” Blacklight Research, April 14.

J.P. Morgan, 2013, “Jurassic Spark,” Slide Presentation, April.

Stein, G., 2005, “World Oil Demand Revised Down Again,” Lombard Street Research, *World Service Daily Note*, September 9.

Till, H., 2008, “The Oil Markets: Let the Data Speak for Itself,” *EDHEC-Risk Institute Position Paper*, October. Available at: <https://www.edhec.edu/en/publications/oil-markets-let-data-speak-itself>



*Degas, Edgar, “The Cotton Exchange at New Orleans,” 1873, Musée Municipal, Pau, France.*

