

2013 Greenwich Leaders: OTC Commodities Derivatives

March 2013

Barclays and J.P. Morgan are the world's leading dealers of OTC derivatives to corporates hedging energy commodities exposures and Goldman Sachs is the top dealer of OTC commodity derivatives to commodities investors.

According to the results of Greenwich Associates most recent studies on commodity derivatives, approximately 40% of companies around the world that use derivatives to hedge energy commodities exposure name Barclays and/or J.P. Morgan as important dealers of OTC products. Goldman Sachs and Morgan Stanley tie for the second spot among corporates, with 30–32% of companies

saying they work with these firms, followed by Citi and Deutsche Bank, each of which is used as an OTC derivatives dealer by 27% of companies active in this market. These firms are the 2013 Greenwich Share Leaders in Global Energy Commodities — OTC Derivatives among corporate users.

The 2013 Greenwich Quality Leaders in global OTC derivatives service for energy derivatives among corporate users are Barclays, Goldman Sachs and J.P. Morgan. Greenwich Quality Leaders are firms whose corporate clients award them quality ratings that exceed those given to competitors by a statistically significant margin.

2013 Greenwich Share and Quality Leaders



Global Energy Commodities, Corporates — OTC Derivatives Market Penetration¹

Dealer	Market Penetration ³	Statistical Rank
Barclays	39%	1T
J.P. Morgan	39%	1T
Goldman Sachs	32%	3T
Morgan Stanley	30%	3T
Citi	27%	5T
Deutsche Bank	27%	5T

U.S. Energy Commodities, Corporates — OTC Derivatives Market Penetration²

Dealer	Market Penetration ³	Statistical Rank
J.P. Morgan	59%	1
Barclays	43%	2T
Citi	40%	2T

European Energy Commodities, Corporates — OTC Derivatives Market Penetration²

Dealer	Market Penetration ³	Statistical Rank
Barclays	40%	1T
Morgan Stanley	39%	1T
BNP Paribas	33%	3

Asia Pacific Energy Commodities, Corporates — OTC Derivatives Market Penetration²

Dealer	Market Penetration ³	Statistical Rank
J.P. Morgan	44%	1
Goldman Sachs	39%	2T
Barclays	36%	2T
Deutsche Bank	36%	2T
Morgan Stanley	36%	2T



Global Energy Commodities, Corporates — OTC Derivatives Service Quality

Dealer
Barclays
Goldman Sachs
J.P. Morgan

U.S. Energy Commodities, Corporates — OTC Derivatives Service Quality

Dealer
Barclays
Goldman Sachs
J.P. Morgan

European Energy Commodities, Corporates — OTC Derivatives Service Quality

Dealer
Deutsche Bank
Morgan Stanley

Asia Pacific Energy Commodities, Corporates — OTC Derivatives Service Quality

Dealer
Deutsche Bank
Morgan Stanley

Note: ¹Share leaders are based on top 5 dealers including ties. ²Share leaders are based on top 3 dealers including ties. ³Proportion of investors citing an active trading relationship with each dealer. Quality leaders cited in alphabetical order. Based on responses from 276 corporates that hedge exposure to energy commodities using OTC derivatives: 88 U.S. corporates, 89 European corporates, and 59 Asia Pacific corporates. Source: 2013 Energy Commodities Study

J.P. Morgan's leading position in this global market is attributable mainly to the strength of its customer franchise in the United States and Asia, where the firm ranks as the number-one dealer of OTC energy derivatives to companies. Barclays has a strong presence in all regional markets, tying for the top spot in Europe with Morgan Stanley, and ranking second in both the United States and Asia.

"Banks are rethinking their approach to the commodities business in light of new capital requirements and regulations," says Greenwich Associates consultant Andrew Awad. "A number remain committed, but the landscape — which was altered dramatically over the past five-to-seven years by the huge investments in the business made by the commercial banks — is becoming far more fragmented, as few banks want to be all things to all people and more find specific segments in which they can profitably compete."

The following tables present the complete list of 2013 Greenwich Share and Quality Leaders in OTC Energy and Metal Commodities Derivatives, Corporates as well as Commodities Investors.

Goldman Sachs Top OTC Derivatives Dealer Among Commodities Investors

Nearly 60% of institutional commodities investors around the world use Goldman Sachs as a dealer for OTC derivatives. Next is J.P. Morgan, which is used as a dealer by 54%, followed by Barclays and Deutsche Bank at 47–46% respectively, and Morgan Stanley at 37%. These firms are the 2013 Greenwich Share Leaders in Global Commodities Investors — OTC Derivatives. The 2013 Greenwich Quality Leader in this category is Goldman Sachs.

While the investor business is the area of the commodities market most subject to regulatory change, any speculation about an investor exit appears to be overblown. "Real money' investment managers will remain in this market doing index, enhanced-index and even alpha strategies that are unsuitable for exchange trading," says Andrew Awad. "Hedge funds — as well as some real money investors — are likely to move to futures over time as regulations are enforced."

2013 Greenwich Share and Quality Leaders



Global Metals Commodities— OTC Derivatives Market Penetration

Dealer	Market Penetration*	Statistical Rank
J.P. Morgan	55%	1
Barclays	34%	2T
Citi	33%	2T
Deutsche Bank	33%	2T
Société Générale	26%	5



Global Metals Commodities — OTC Derivatives Service Quality

Dealer
J.P. Morgan

Note: *Proportion of investors citing an active trading relationship with each dealer. Based on responses from 98 corporates that hedge exposure to metals using OTC derivatives. Share leaders are based on top 5 dealers including ties. Quality leaders are cited in alphabetical order. Source: 2013 Metal Commodities Study

2013 Greenwich Share and Quality Leaders



Global Commodities Investors — OTC Derivatives Market Penetration

Dealer	Market Penetration*	Statistical Rank
Goldman Sachs	59%	1
J.P. Morgan	54%	2
Barclays	47%	3T
Deutsche Bank	46%	3T
Morgan Stanley	37%	5



Global Commodities Investors — OTC Derivatives Service Quality

Dealer
Goldman Sachs

Note: *Proportion of investors citing an active trading relationship with each dealer. Based on responses from 68 commodities investors using OTC derivatives. Share leaders are based on top 5 dealers including ties. Quality leaders are cited in alphabetical order. Source: 2012 Commodities Investors Study

J.P. Morgan Dominates in Metals

J.P. Morgan is far and away the world's biggest dealer of OTC global metals commodities derivatives. Some 55% of users name J.P. Morgan as an important dealer, a figure that easily tops the 33 – 34% market penetration scores of closest rivals Barclays, Citi and Deutsche Bank. These firms, along with Société Générale, are the 2013 Greenwich Share Leaders in Global Metals Commodities — OTC Derivatives. J.P. Morgan is also the 2013 Greenwich Quality Leader.

Consultant Andrew Awad advises on the global commodities market.

Methodology

Between September and November 2012, Greenwich Associates interviewed 276 treasury professionals at corporations around the world that hedge exposure to energy commodities using OTC derivatives and 98 that hedge metals exposure. Greenwich Associates also interviewed 68 commodities investors — including banks, fund managers, hedge funds, and pension funds — that use OTC derivatives. Interview topics included dealer use, product use, sales coverage preference, and strategic transactions.

The findings reported in this document reflect solely the views reported to Greenwich Associates by the research participants. They

do not represent opinions or endorsements by Greenwich Associates or its staff. Interviewees may be asked about their use of and demand for financial products and services and about investment practices in relevant financial markets. Greenwich Associates compiles the data received, conducts statistical analysis and reviews for presentation purposes in order to produce the final results.

© 2013 Greenwich Associates, LLC. All rights reserved. No portion of these materials may be copied, reproduced, distributed or transmitted, electronically or otherwise, to external parties or publicly without the permission of Greenwich Associates, LLC. Greenwich Associates®, Competitive Challenges®, Greenwich Quality Index®, and Greenwich Reports® are registered marks of Greenwich Associates, LLC. Greenwich Associates may also have rights in certain other marks used in these materials.

The Greenwich Quality LeaderSM and Greenwich Share LeaderSM designations are determined entirely by the results of the interviews described above and do not represent opinions or endorsements by Greenwich Associates or its staff. Such designations are a product of numerical scores in Greenwich Associates' proprietary studies that are generated from the study interviews and are based on a statistical significance confidence level of at least 80%. No advertising, promotional or other commercial use can be made of any name, mark or logo of Greenwich Associates without the express prior written consent of Greenwich Associates.

GREENWICH REPORT



6 High Ridge Park Stamford CT 06905 USA

Tel: +1 203.625.5038/+1 800.704.1027

Fax: +1 203.625.5126

email: ContactUs@greenwich.com

www.greenwich.com