CEE CENTER FOR ENERGY ECONOMICS

Bureau of Economic Geology, The University of Texas at Austin

EIA Markets Initiative

Modern Energy Markets

Policy/Regulatory Frameworks
- Market structure (entry, exit)
- Transparency
- Public interest

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Physical Fundamentals
Supply-demand for Commodities

What are the interactions?

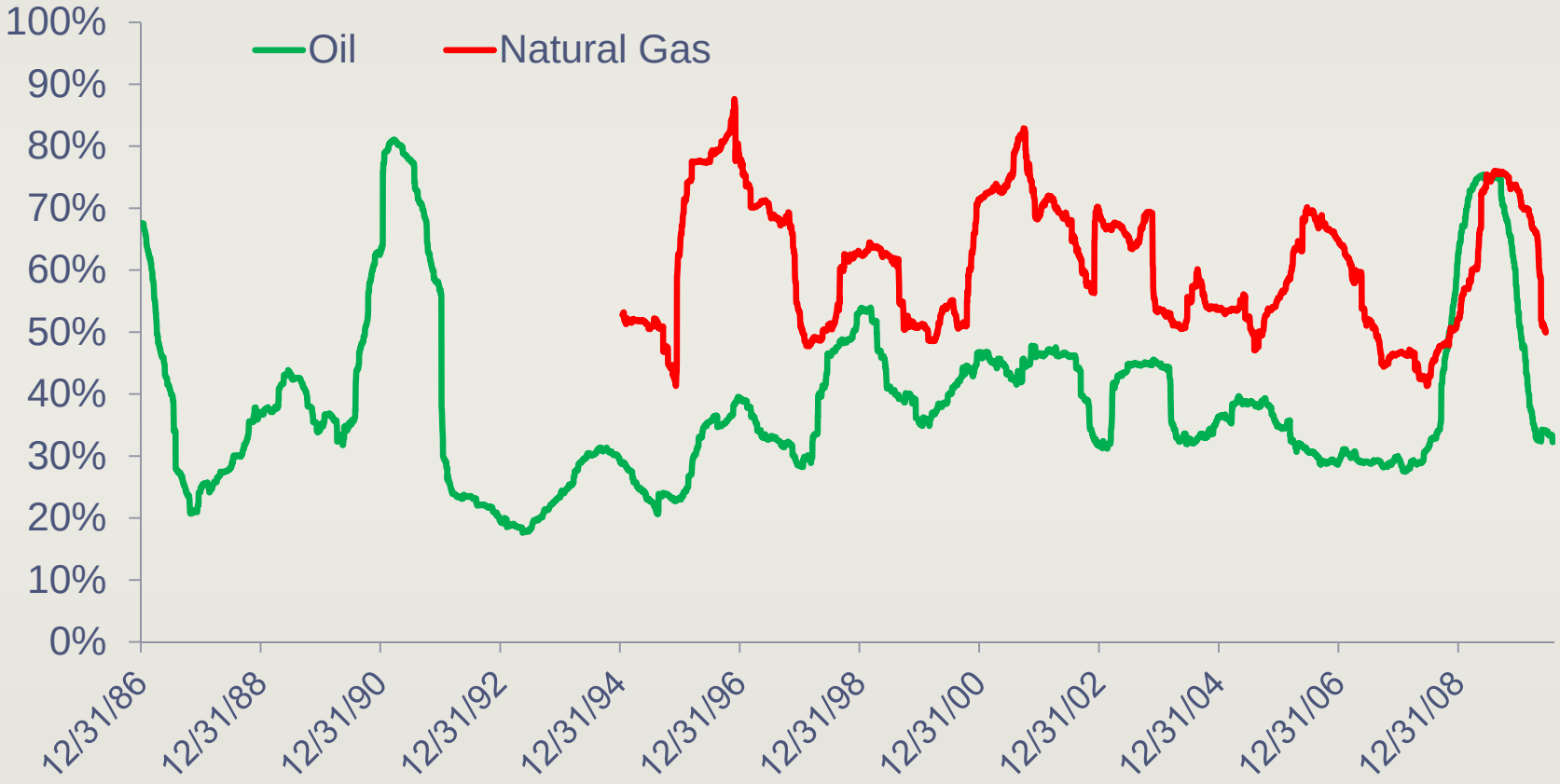
Financial Markets
Supply-demand for commodity derivatives

Behavioral Responses
- To real signals from physical, financial markets
- To perceptions of signals from physical, financial markets

Search for Empirical Answers

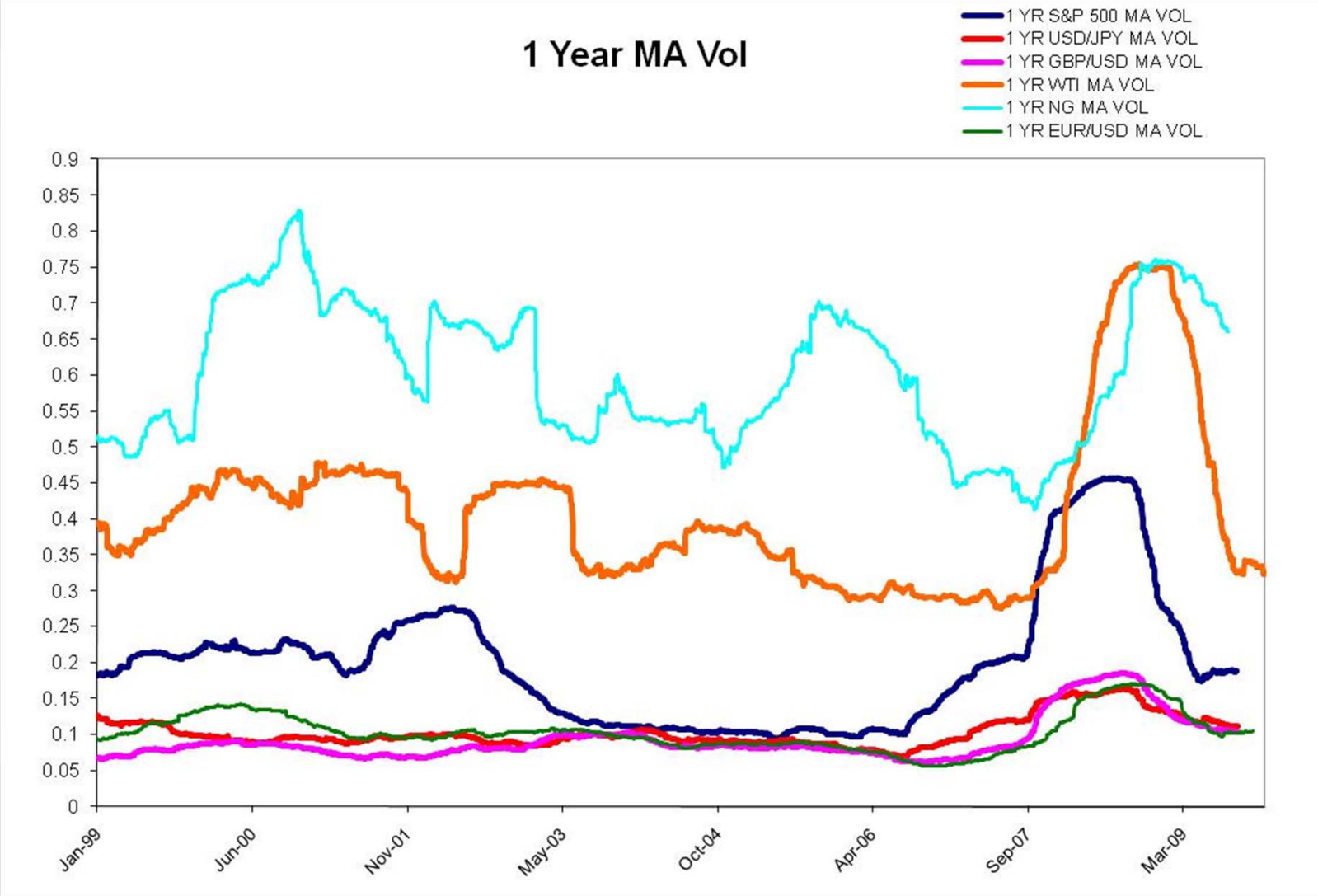
- What important factors influencing energy prices have been identified in academic literature, government reports, policy debate, industry analysis, etc?
- What does existing research tell us, with what degree of confidence, about the identified factors, interactions, influence?
- What are key gaps in analysis that are most likely to develop deeper insight?
- What additional information and analysis could be used to generate more definitive results?

Price Level and Volatility Matter

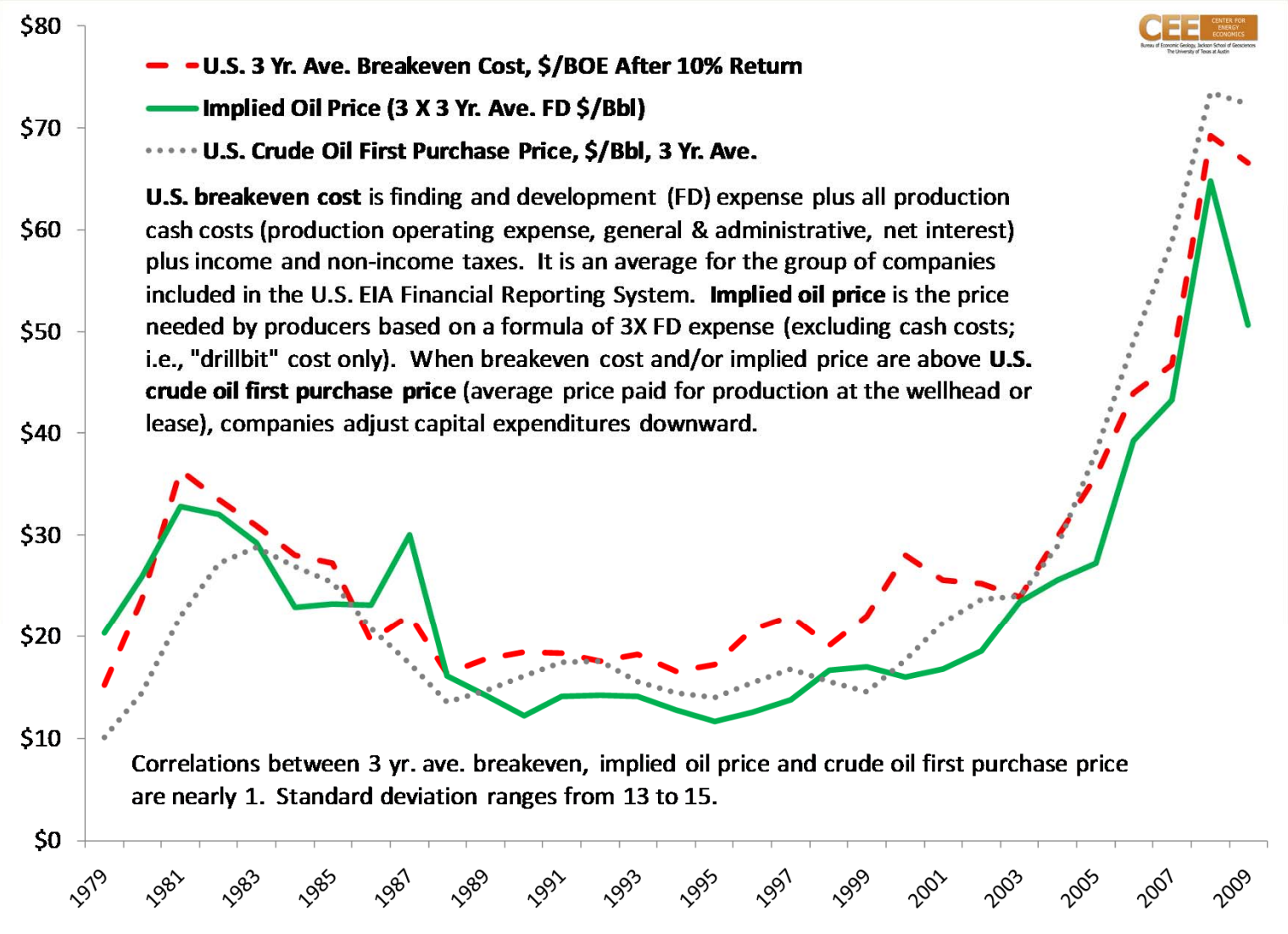


Compiled by CEE using CME (NYMEX) data; STDEV of LN daily,1-yr MA annualized

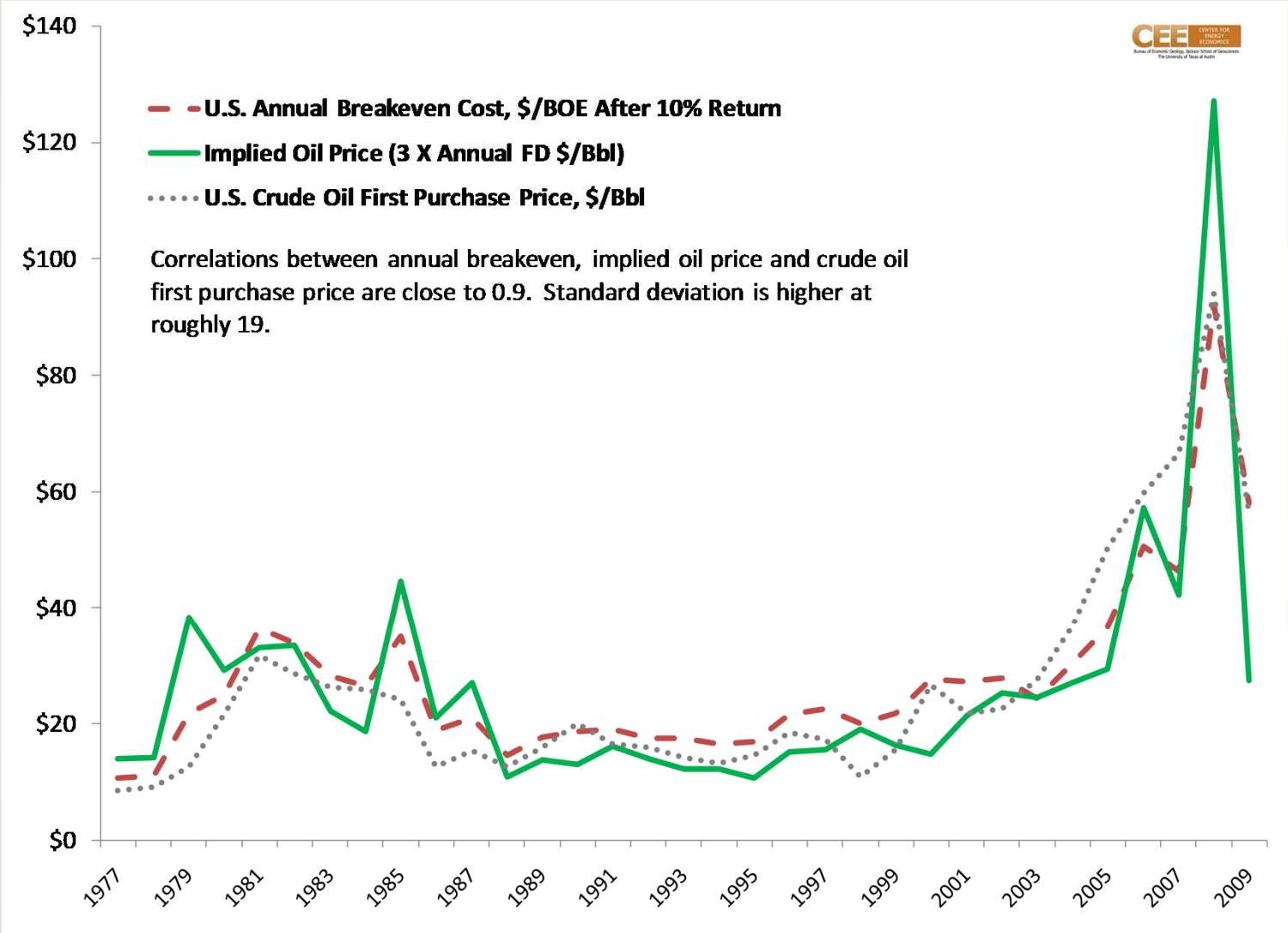
Comparisons Across Asset Classes



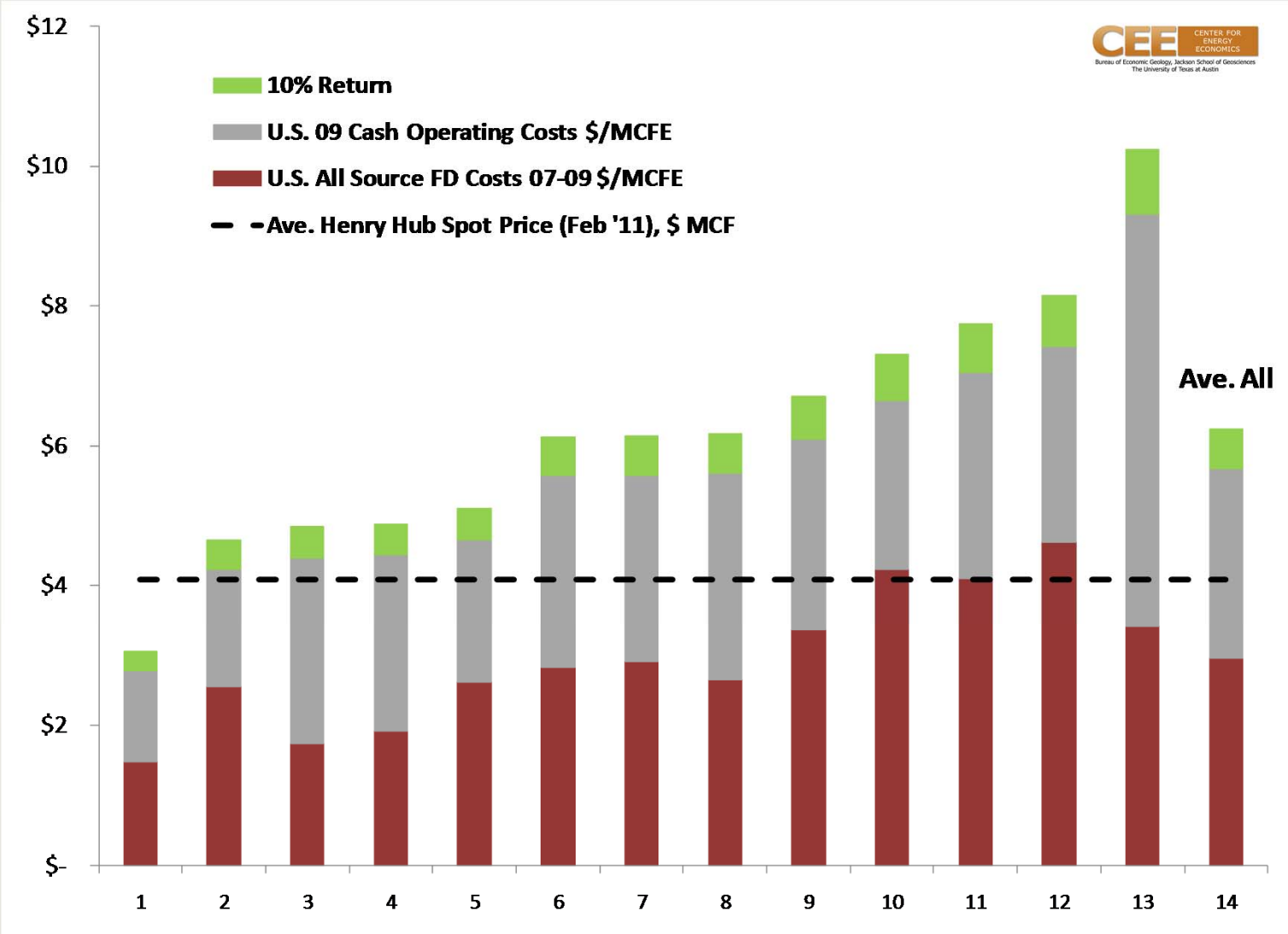
F&D Cost Experiment



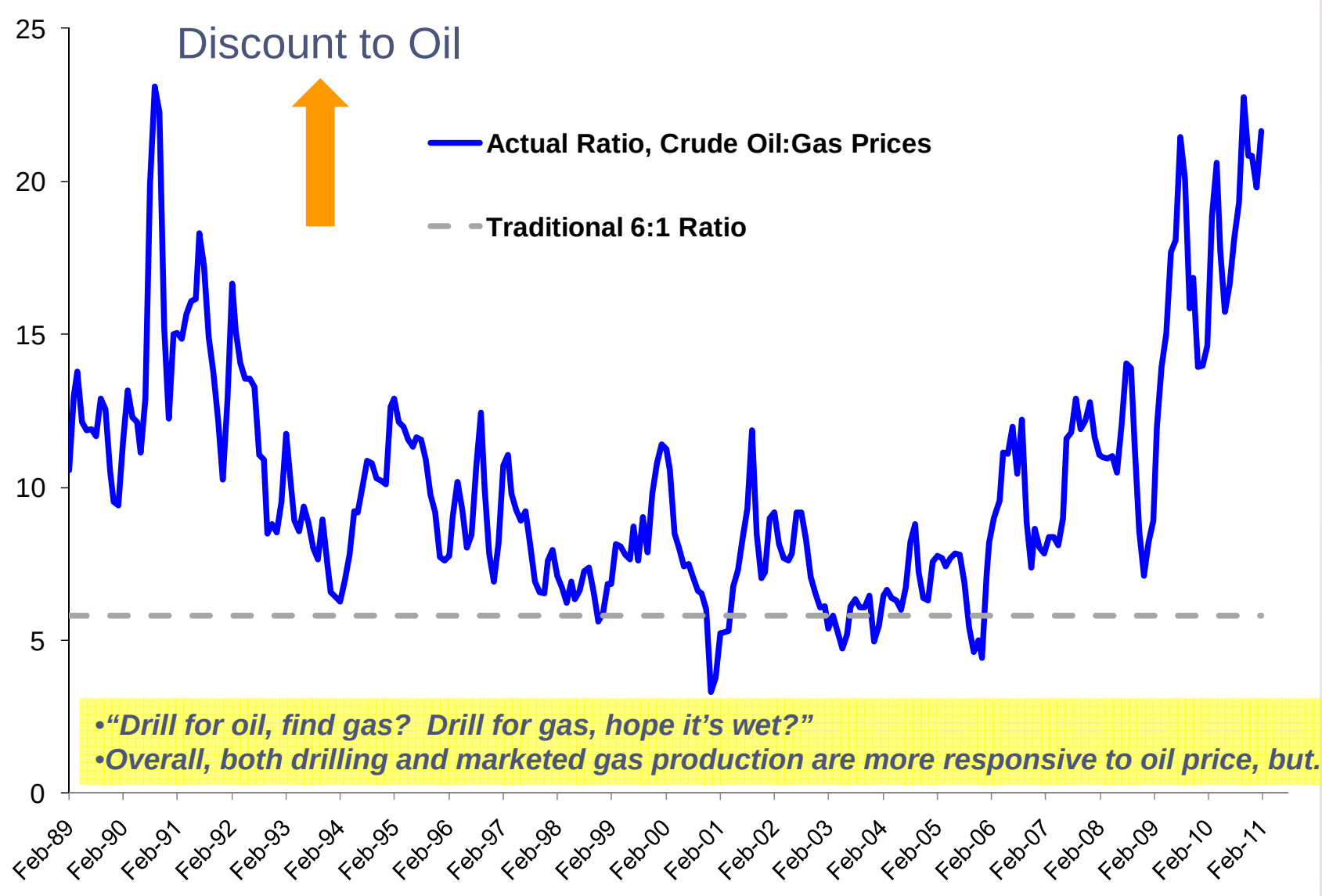
F&D Cost Experiment



A Tough Business, Anyway

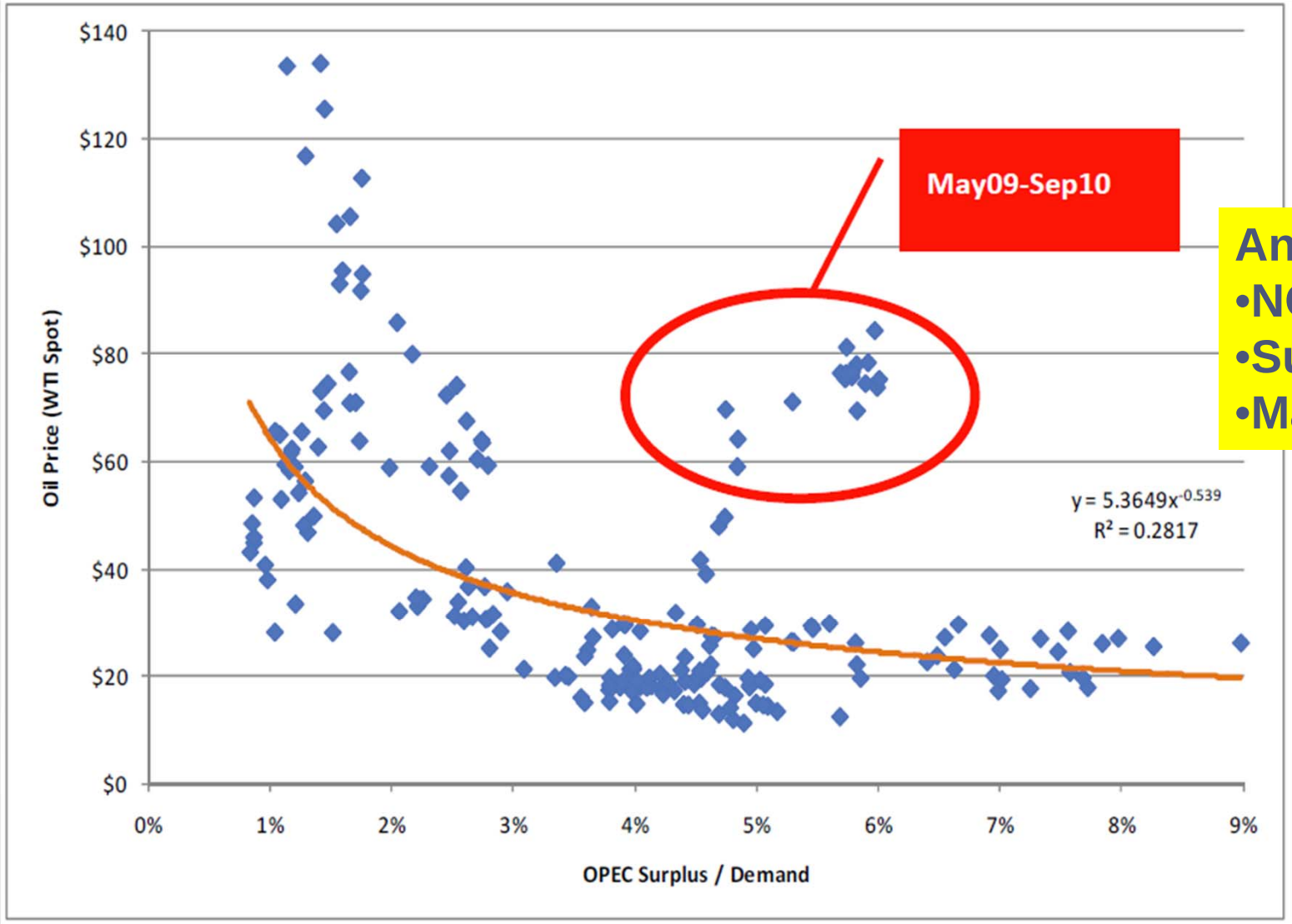


Price Trends



- *"Drill for oil, find gas? Drill for gas, hope it's wet?"*
- *Overall, both drilling and marketed gas production are more responsive to oil price, but...*

Spare Capacity/Demand Experiment



And factors like:
- **NOCs**
- **Subsidies**
- **Many others**