Emerging markets outpace the West in derivatives growth

The global derivatives markets resumed their growth in 2010 after a flat performance in 2009. Latin America and Asia-Pacific regions were the leaders.
The reform of the derivatives market will result in the creation of new data repositories in the future. The immediate need for more data storage is sustained by, among other factors, continually growing emerging markets, services and products supporting expanding renewable power generation and emissions trading.

CME Launches PJM Swap Option
CME Trades Two NYISO Capacity Futures Contracts
Intra-Hour Scheduling in the Pacific Northwest
NorNed Intraday Power Exchange is Set for March 2012
Germany to Launch 15-Minute Intraday Market
Czech, Slovak and Hungarian Power Markets to Integrate

CME Launches SoCal Gas City-Gate Swap Futures
CME Trades ICE Brent Swap Futures
CME Launches Coal Futures for Australia and China
CME Launches Two European Petroleum Futures
Natural Gas Exchange (NGX) Expands US Products Presence
Platts to Launch Assessments of Chicago Ethanol Swap, US Benzene and Singapore Rubber
Platts Proposes New Russia’s East Siberian Pacific Oil (ESPO) Crude Assessment
Platts Proposes Addition of LNG Points
Platts to Adopt 25 Days Basis for Brent Assessments

CME Expands Offerings of Soybean Meal, Soybean Oil, and Live Cattle Options
Teucrium Adds Agriculture ETPs
Western Canadian Farmers Say “No” to the Open Market
CME Replaces NYMEX Fertilizer Swap Futures with CBOT Fertilizer Swaps
MGEX Removes the Origination Condition

ICAP Trades SO2 Emission Allowances Under the New EPA Rule
EEX to Auction the Netherlands’ Emission Allowances
EPA Greenhouse Gas (GHG) Reporting Tool
Oil Companies to Share Arctic Data with NOAA

Other Matters
Dow Jones Indexes Launches Eight Indexes Targeting Europe
Dow Jones Indexes Launches Volatility Risk Control Indexes
FXDD Introduces Four New Currency Pairs
GFI Launches US Dollar Interest Rate Spread Options
CME to Introduce More OTC Interest Rate Products
The Merger of Deutsche Börse and NYSE Euronext Passed Another Milestone

IIR Introduces WindGen Live
PRT Announces Newest Addition to its Web Based Forecasting Services: e-AccuWind™
Genscape’s Market Intelligence Group Expands PowerIQ-New York Daily Service
Platts Adds Balance-of-the-Month Assessments to the Platts-ICE Forward Curve Natural Gas North America
Continuing Growth in ZEMA Data Coverage

Emerging Markets Continue to Outpace the West in Derivatives Growth

The global derivatives markets resumed their growth in 2010 after a flat performance in 2009. Market volumes grew by a staggering 25.6%, with a total of 22,295,247,449 contracts traded on the world’s largest 78 exchanges in 2010. Latin America and Asia-Pacific regions were the leaders in growth.

Introduction of new products and data sources
Delisting of products and data sources
Potential impact on data
Changes to data attributes, replacement of products
Last month was characterized by growing disconcert over regulation that targets over-the-counter (OTC) derivatives trades. The new topic under review is the creation of global data repositories for each asset class. This concept is being supported by U.S. regulators but is rejected by European authorities who call for Europe to have its own data warehouse. Britain, in turn, threatens to sue the European Central Bank, whose recent policy paper requires large clearing houses operating in euro-denominated currency to be located in the eurozone. This policy effectively eliminates London, which trades about 40% of the global OTC instruments, from the deal.

Whoever wins this struggle for domination in financial markets, U.S. or EU, and whether London will be a part of the deal, will not affect the primary premise; financial products will be integrated into common data warehouses and will have their attributes realigned. However, this is something we have to endure sometime in the future. There are market developments that are likely to contribute to the integration of data sources in the near-term.

Europe is a very good showcase demonstrating integration of markets. The European electrical system is following a political and economic agenda for integration. Last month we witnessed more efforts directed toward coupling systems in the central west and northwest European regions. By 2014, all European countries will be linked together in one integrated power grid with the common system of products, their attributes, trading rules and scheduling.

Integration is very closely linked to globalization of products and services and constantly growing share of emerging markets. Exchanges and data providers spread their reach by offering products with underlying assets located in different parts of the world. For instance, CME launches coal futures for Australia and China. Dow Jones Indexes expands its European products line through the Focus Europe program and adds another index, BRIC 50 Volatility Risk Control, targeting leading stocks in Russia, Brazil and offshore China. MGEX removes the U.S. origin condition for wheat delivered against its Hard Red Spring Wheat futures contract in order to create more opportunities for wheat from outside the U.S.

Another factor that affects data flow is growing attention to environmental issues. Environmental policies and programs affect data directly and indirectly. Reduction programs, especially those that incorporate cap-and-trade systems, are the most explicit from the point of data; new emission reduction programs mean new emission allowance products and reported emission volumes. Thus, new SO2 emission allowance instruments have been launched by ICAP as a direct reaction to the new EPA Cross State Air Pollution Rule. The new U.S. Environmental Protection Agency (EPA) online carbon emission reporting tool for industrial sectors will bring more statistics into the public domain.

The push for renewable power expansion produces less apparent changes to the data stream. One of the critical elements in managing intermittency of renewable power generation is precise weather prediction. Increased volumes of wind and solar power production support development and improvement of weather forecasting services. As a result, we observe continued refinement of time granularity of the existing series and introduction of new parameters for weather forecasting.

Another area influenced by renewable power generation that is currently gaining momentum is power scheduling. Germany, boasting a rich wind power generation, is considering a 15-minute power scheduling increment. The U.S. Federal Energy Regulatory Commission (FERC) is also studying the option of quarter-hour (15-minute) scheduling to be included in the Open Access Transmission Tariff. Utilities in the North American Pacific Northwest and California are going ahead with 30-minute power scheduling pilot projects.

These are just several drivers affecting data flow in the short-term and mid-term. Almost every month there are more and more data sources and data reports that we have to learn about to remain tuned in to the market. Stay with us to learn about them.

Olga Gorstenko
CME Launches PJM Swap Option Contracts

On August 22, 2011, CME commenced trading PJM West Hub option developed on the underlying PJM peak calendar-day LMP swap futures; it’s listed on NYMEX and cleared through CME ClearPort.

This option contract is the most recent addition to the CME list of contracts already traded for various PJM points. The graph below demonstrates forward curves developed on CME swap futures for PJM Western Hub.

CME Trades Two NYISO Capacity Futures Contracts

On September 12, 2011, the exchange launched two new NYISO capacity swap futures contracts, for New York City in-City and for Rest-Of-the-State capacity. The products are traded on NYMEX and cleared through CME ClearPort.

Intra-Hour Scheduling in the Pacific Northwest

Following the example of the Bonneville Power Administration (BPA), other transmission operators in the Pacific Northwest are introducing half-hour scheduling. The time increment reduction is an effort of the Joint Initiative that consists of three local transmission groups, Northern Tier Transmission Group, ColumbiaGrid and WestConnect.

The move to finer granularity for power scheduling arose because of an increase in wind power generation in the Pacific Northwest. The graph below demonstrates this increase in the BPA area:

Data Source - BPA*

BPA’s pilot intra-hour scheduling effort was launched on December 1, 2009 as a wind-integration tool and proved to be successful.

On August 5, 2011, CaISO filed an application with FERC requesting approval of its pilot intra-hour scheduling program agreement with BPA that becomes effective October 1, 2011. If approved, two major balancing authorities in the region, CaISO and BPA, will have a common scheduling structure and improved southbound transmission of intermittent power generation.

NorNed Intraday Power Exchange is Set for March 2012

On September 23, 2011, APX-ENDEX, Nord Pool Spot, Norwegian TSO Statnett and Dutch TSO TenneT announced that a cross-border intraday market for trading on NorNed interconnector, the Dutch-Norwegian border, will start on March 14, 2012. The Norwegian-Dutch interconnector will link the existing Dutch-Belgian and Nordic intraday markets to create one extended cross-border intraday market.

The introduction of intraday markets for this region is fueled by increased generation from renewable energy sources, which requires trading close to the time of delivery.

*Graph created with ZEMA
Germany to Launch 15-Minute Intraday Market

On September 13, 2011, the EPEX SPOT Exchange Council approved an increase in time granularity for the German Intraday Market. The introduction of 15-minute products is planned for the end of 2011.

Currently, EPEX SPOT is trading Intraday Markets for France and Germany; the shortest interval for these trades is one hour. This change to the German products will assist Transmission System Operators to manage the system more efficiently. Also, the finer granularity will facilitate trading power produced by renewable generators; the number of these has been steadily increasing in Germany.

Czech, Slovak and Hungarian Power Markets to Integrate

Transmission System Operators, Power Exchanges (OTE, HUPX and OKTE) and National Regulatory Authorities (ERU, MEH, URSO) of three nations, the Czech Republic (CZ), the Republic of Hungary (HU), and the Slovak Republic (SK), are moving towards integration of their power markets.

On August 24, 2011, the Steering Committee of the CZ-SK-HU Market Coupling project approved the market design and set the deadline for so-called markets’ coupling for the second quarter of 2012. The Central West European region and North West European region will be joined during the second stage of the project, in 2012. The ultimate goal of this integration is the creation of the European Internal Electricity Market by the end of 2014, as requested by the European Council.

As indicated in the graph below, power prices on Czech, Slovak and Hungarian markets have been moving very closely to each other. This suggests well developed interconnected markets affected by similar drivers.

Data Source - OTE, HUPX

*Graph created with ZEMA
CME Launches SoCal Gas City-Gate Swap Futures

On August 29, 2011, CME launched SoCal Gas City-Gate Swap (Platts IFERC) Futures. The contract will be listed on NYMEX and cleared through CME ClearPort.

<table>
<thead>
<tr>
<th>CME Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGW</td>
<td>SoCal Gas City-Gate Swap (Platts IFERC) Futures</td>
</tr>
</tbody>
</table>

This swap futures contract is an addition to other products for the SoCal hub offered by CME. Below is an example of a SoCal basis swap forward curve in comparison with the Henry Hub Futures forward curve:

Data Source - CME*

CME Launches ICE Brent Swap Futures

On September 26, 2011, CME launched ICE Brent (Singapore Marker) Swap Futures, which are financially settled. The contracts are traded on NYMEX and cleared through CME ClearPort.

<table>
<thead>
<tr>
<th>CME Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBS</td>
<td>ICE Brent (Singapore Marker) Swap Futures</td>
</tr>
</tbody>
</table>

ICE offers several Brent crude contracts; an example of forward curve built of ICE Brent futures traded on September 29, 2011, is shown in the graph below:

Data Source - CME*

CME Launches Coal Futures for Australia and China

CME launched several coal financial products:

- Australian Coking Coal (Platts) Low Vol Swap Futures on August 29, 2011
- Australian Coking Coal (Argus) Low Vol Swap Futures contracts on August 29, 2011
- Coal (API 6) fob Newcastle (Argus/McCloskey) Swap Futures on September 12, 2011
- China Coal (IHS McCloskey/Xinhua Infolink South China CFR Marker 5,500kc NAR) Swap Futures on September 12, 2011

<table>
<thead>
<tr>
<th>CME Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALW</td>
<td>Australian Coking Coal (Platts) Low Vol Futures</td>
</tr>
<tr>
<td>ACR</td>
<td>Australian Coking Coal (Argus) Low Vol Futures</td>
</tr>
<tr>
<td>CMC</td>
<td>China Coal (IHS McCloskey/Xinhua Infolink South China CFR Marker 5,500kc NAR) Futures</td>
</tr>
<tr>
<td>NCL</td>
<td>Coal (API 6) fob Newcastle (ARGUS-McCloskey) Futures</td>
</tr>
</tbody>
</table>

All contracts are financially settled and are traded on NYMEX and cleared through CME ClearPort.

CME Launches Two European Petroleum Futures

On September 12, 2011, CME started trading two petroleum spread contracts. Both contracts are financially settled with the first listing set for October 2011. The products are traded on NYMEX and cleared through CME ClearPort.

<table>
<thead>
<tr>
<th>CME Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>GFN</td>
<td>Gasoil 50 ppm Barges FOB Rdam vs. Gasoil 0.1% (Platts) Barges FOB Rdam Swap Futures</td>
</tr>
<tr>
<td>EFN</td>
<td>European Diesel 10 ppm Barges FOB Rdam vs. Gasoil 50 ppm (Platts) Barges FOB Rdam Swap Futures</td>
</tr>
</tbody>
</table>

Contract Specifications for GFN can be found here
Contract Specifications for EFN can be found here

*Graph created with ZEMA
Natural Gas Exchange (NGX) Expands US Products Presence

NGX announced clearing of several U.S. natural gas products within the Trunkline Gas Co. natural gas pipeline's trading points:

<table>
<thead>
<tr>
<th>Hub Name</th>
<th>Product Type</th>
<th>Index Publication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trunkline ELA</td>
<td>BS</td>
<td>NYMEX last day</td>
</tr>
<tr>
<td>Trunkline ELA</td>
<td>FP</td>
<td>Platts Daily</td>
</tr>
<tr>
<td>Trunkline WLA</td>
<td>BS</td>
<td>NYMEX last day</td>
</tr>
<tr>
<td>Trunkline WLA</td>
<td>FP</td>
<td>Platts Daily</td>
</tr>
<tr>
<td>Trunkline Z1A</td>
<td>BS</td>
<td>NYMEX last day</td>
</tr>
<tr>
<td>Trunkline Z1A</td>
<td>FP</td>
<td>Platts Daily</td>
</tr>
<tr>
<td>Trunkline Z1A</td>
<td>ID</td>
<td>Platts Daily</td>
</tr>
<tr>
<td>Trunkline Z1A</td>
<td>ID</td>
<td>Platts Daily</td>
</tr>
</tbody>
</table>

The clearing commences on October 10, 2011.

NGX is a Canadian energy exchange with a focus on Canadian products. Below is an example of prices at one of the TransCanada’s pricing points:

![Graph created with ZEMA](image)

Platts to Launch Assessments of Chicago Ethanol Swap, US Benzene and Singapore Rubber

Platts announced several assessments to be introduced in October 2011.

- On October 3, 2011, Platts will launch Chicago ethanol swap assessment to be settled on the calendar month average of the Platts ITT Argo spot Chicago ethanol terminal assessments. The results will be reported in the Platts Oilgram Price Report, the Refiner and the US Marketscan.
- On October 3, 2011, daily natural rubber assessments of grades TSR 20 and RSS 3 basis FOB Singapore will be launched for one and two calendar months forward.
- On October 17, 2011, Platts will start assessment for DDP US Gulf Coast benzene for the current month and forward month. The results will be published on Platts real-time Petrochemical Alert, Europe and US Petrochemical scan.

Platts Proposes New Russia’s East Siberian Pacific Oil (ESPO) Crude Assessment

As ESPO loading schedules have moved to two months forward, Platts is considering introducing a second-month price assessment for ESPO crude, from November 1, 2011.

The new FOB assessment will be published daily and will be based on cargoes loading 45 to 75 days from the date of publication. It will run concurrently with the existing ESPO assessment, which is based on cargoes loading 15 to 45 days forward.

Platts Proposes Addition of LNG Points

Platts proposes to amend its Northwest Europe LNG marker methodology by including data from cargoes delivered to Gate LNG terminal in Rotterdam, the Netherlands. The update will reflect the commissioning of the LNG terminal in summer 2011. The new point will be added to the already applied data on cargoes delivered at the following ports: Isle of Grain and Milford Haven (South Hook and Dragon) in the UK, and Zeebrugge in Belgium.

Platts to Adopt 25 Days Basis for Brent Assessments

Platts announced amendments to the date range applied to calculate daily Platts Dated Brent price assessment. Instead of the current 10-21 days forward, the revised assessment will use 10-25 days forward. The assessment of Brent will include those crudes where the cargoes are nominated 25 days in advance of loading, instead of the current 21 days. The change becomes effective on January 6, 2012.

Platts stated that it considers making further amendments to the physical Brent complex by increasing the nomination process to 30 days. Additionally, the publisher considers including additional grades and apply escalators for the lighter crude grades reflected in the Brent assessment.

Find more details here
CME Expands Offerings of Soybean Meal, Soybean Oil, and Live Cattle Options

On September 26, 2011, CME added weekly options to the following existing set of standard options on:
- CBOT Soybean Meal futures
- CBOT Soybeans Oil futures
- CME Live Cattle futures

The new options will have the same attributes as their parent products:

<table>
<thead>
<tr>
<th>CME Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>OZL</td>
<td>Soybean Oil Options</td>
</tr>
<tr>
<td>OZM</td>
<td>Soybean Meal Options</td>
</tr>
<tr>
<td>LE</td>
<td>Live Cattle options</td>
</tr>
</tbody>
</table>

The graph below demonstrates an example of near-month prices for Soybean Meal and Soybean Oil futures; they have been traded on CME since 2009:

Western Canadian Farmers Say “No” to the Open Market

On September 12, 2011, the results of the plebiscite on the future of the Canadian Wheat Board (CWB), the prairie grain marketing agency, indicated Western Canadian farmers’ unwillingness to switch from the existing single-desk marketing system to the open market.

The plebiscite was held as a response to the Canadian federal government’s intent to eliminate the monopoly of the CWB by August 1, 2012. The current government has been making attempts to introduce an open competition system to the sale of prairie-grown wheat and barley since 2006. The Ministry of Agriculture is not discouraged by the voting results and intends to release legislation that will abolish the CWB monopoly.

CME Replaces NYMEX Fertilizer Swap Futures with CBOT Fertilizer Swaps

On September 26, 2011, CME commenced trading fertilizer swap futures for:
- Urea - FOB US Gulf
- Urea ammonium nitrate (UAN) 32%-FOB NOLA
- Diammonium phosphate (DAP) in Tampa
- DAP in New Orleans (NOLA)

The newly introduced products effectively replaced the NYMEX swap futures contracts on urea, UAN, DAP-Tampa and DAP-New Orleans, which were delisted on September 23, 2011.

Teucrium Expands Exchange Traded Products (ETP) Offering with Agriculture Products

On September 19, 2011, Teucrium Trading introduced three single commodity ETPs for agricultural goods traded on NYSE:

<table>
<thead>
<tr>
<th>NYSE Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOYB</td>
<td>The Teucrium Soybean Fund</td>
</tr>
<tr>
<td>CANE</td>
<td>The Teucrium Sugar Fund</td>
</tr>
<tr>
<td>WEAT</td>
<td>The Teucrium Wheat Fund</td>
</tr>
</tbody>
</table>

The broker designs its commodities ETPs as a blend of respective futures contracts with three expiration dates weighted to achieve the optimal returns while limiting contango.

The Soybean and Wheat ETPs are designed as mixes of respective futures contracts traded on CBOT. The Sugar ETF represents a blend of ICE sugar futures contracts.

The three new products are added to corn (a blend of CBOT corn swaps), crude oil (WTI NYMEX futures) and natural gas (Henry Hub NYMEX futures) ETPs already traded by the broker.

Minneapolis Grain Exchange (MGEX) Removes the Origination Condition

MGEX announced removal of the U.S. origin condition for wheat delivered against its Hard Red Spring Wheat (HRSW) futures contract. The change becomes effective no later than the May 2013 contract month.

MGEX has been offering HRSW derivatives since 1881; currently the exchange trades futures, options, index futures and options on the CME Globex® Platform.

This reported update to the HRSW futures’ attributes will enhance the HRSW global presence and allow for HRSW from outside the U.S. to be delivered on the contract.
ICAP Trades SO₂ Emission Allowances Under the New EPA Rule

On August 31, 2011, ICAP executed the first trade of SO₂ emission allowances under the new EPA Cross-State Air Pollution Rule (CSAPR).

The rule was released on July 7, 2011, with the goal to reduce NOx and SO₂ emission in 27 Eastern states. CSAPR replaced the former Clean Air Interstate Rule that was vacated by the US Court of Appeals for the DC Circuit.

Despite continued resistance to the rule from the market participants (the state of Texas is suing EPA) and even some legislators in the House, ICAP bets on a successful passing of a transition period.

The European Energy Exchange (EEX) to Auction the Netherlands’ Emission Allowances

The Dutch Ministry for Infrastructure and the Environment appointed EEX to run the national primary market auction for European Emission Allowances (EUA). The exchange will execute the market auction for 2011 and 2012.

The arrangement with the Dutch government is the second one of such magnitude; it puts EEX one step closer to its goal of becoming the platform for the primary market auction throughout Europe as well as other countries. Since January 2010 it has been executing primary market auctions for EUA in Germany on behalf of the German Federal Ministry for the Environment. The national emission allowances are auctioned off weekly on the Spot Market and the Derivatives Market.

The exchange is majority (58%) owned by Deutsche Boerse; it trades spot products and derivatives for German, French and Switzerland power, natural gas, coal and emission allowances markets.

The graph below demonstrates the results of spot trades for European emissions:

![Graph of EEX Emission Spot Prices]

Source - EEX*

EPA Greenhouse Gas (GHG) Reporting Tool

EPA launched a new on-line GHG Reporting Tool (e-GGRT) that supports reporting carbon emissions within the frames of the EPA GHG Reporting Program. The Agency expects to receive submissions from about 7,000 industrial GHG emitters from 28 industrial sectors. The list of these emitters includes power plants, petroleum refineries and landfills.

Reporting will be performed on an annual basis; the deadline for the first submission is September 30, 2011. Some data reported by the entities will be published by EPA in the public domain by the end of 2011.

Oil Companies to Share Arctic Data with NOAA

Shell Exploration & Production, ConocoPhillips, and Statoil USA E&P Inc. signed an agreement with National Oceanic and Atmospheric Administration (NOAA) to contribute to scientific data sets for the Arctic. In addition to biological information and sea ice and sea floor mapping studies, the gas and oil producers will share weather and ocean observations. This information will assist NOAA with monitoring climate change, and improving environmental disaster response. Specifically, the companies will submit materials on the following:

- Meteorology
- Coastal and Ocean Currents, Circulation, and Waves
- Sea Ice Studies
- Biological Science
- Hydrographic Services and Mapping

Data and information will be available to the public through NOAA’s existing products and services. NOAA dedicates considerable effort to monitoring the condition of Arctic ecosystems, which are a key indicator of global climate change.

*Graph created with ZEMA
Dow Jones Indexes Launches Eight Indexes Targeting Europe

On September 20, 2011, Dow Jones Indexes expanded its European products’ line by launching new dividend-focused and real estate indexes for the European markets:
- Europe Select Dividend 30 Index
- Eurozone Select Dividend 30 Index
- Europe Select Dividend 30 Distributing Index
- Eurozone Select Dividend 30 Distributing Index
- France Select Dividend 20 Distributing Index
- Germany Select Dividend 20 Distributing Index
- Europe Developed Markets Select Real Estate Securities Index
- Europe Developed Markets Select REIT Index

The new indexes will serve as benchmarks and as the underlying instruments for mutual funds and exchange-traded funds (ETFs).

Dow Jones Indexes Launches Volatility Risk Control Indexes

On September 13, 2011, Dow Jones Indexes commenced calculation of the following series of Volatility Risk Control Indexes:
- Europe Titans 80 Volatility Risk Control Indexes
- Eurozone Titans 80 Volatility Risk Control Indexes
- BRIC 50 Volatility Risk Control Indexes

The first two indexes track performance of leading stocks in Europe and the Eurozone and expand the Dow Jones indexes European portfolio. BRIC 50 Index targets leading stocks traded in the Brazil, Russia, India and offshore China markets.

Each series includes four indexes targeting predetermined levels of market volatility (5%, 10%, 15%, 20%). They dynamically allocate between an underlying index and a cash component represented by the Euro Over Night Index Average.

FXDD Introduces Four New Currency Pairs

On September 20, 2011, FXDD announced that four currency exchange products became available for retail traders:

<table>
<thead>
<tr>
<th>FOREX Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD/CNH</td>
<td>United States Dollar/Offshore Renminbi</td>
</tr>
<tr>
<td>EUR/TRY</td>
<td>Euro/Turkish Lira</td>
</tr>
<tr>
<td>USD/SGD</td>
<td>United States Dollar/Singapore Dollar</td>
</tr>
<tr>
<td>USD/HKD</td>
<td>United States Dollar/ Hong Kong Dollar</td>
</tr>
</tbody>
</table>

The four new additions offered by the broker increase the total number of the currency pairs to twenty seven.

GFI Launches US Dollar Interest Rate Spread Options

On September 7, 2011, GFI executed the first matching of U.S. dollar (USD) Interest Rate Spread Options. The new product complements Euro Interest Rate Spread Options, which were introduced by GFI in the beginning of 2011.

CME to Introduce More OTC Interest Rate Products

CME announced its intent to expand the offering of U.S. dollar-denominated Interest Rate Swaps (IRS) by adding Euro-denominated swaps in October 2011, and British pound, Japanese yen, Swiss franc and Canadian dollar-denominated swaps by the end of 2011. The pending addition is warranted by customer demand as the exchange set daily and monthly records for OTC IRS clearing volumes in September 2011.

The Approval of Merger of Deutsche Börse and NYSE Euronext Passed Another Milestone

On September 12, 2011, NYSE Euronext announced the approval by German Federal Financial Supervisory Authority of the merger of Deutsche Börse and NYSE Euronext.

Pending approvals from financial, securities and other regulatory authorities in the U.S. and Europe, the merger will create the world’s largest stock exchange operator.

*Graph created with ZEMA
IIR Introduces WindGen Live

The newest information service by IIR Energy provides market participants the most reliable wind generation forecast in the market, helping to minimize the risk in anticipating the impact of wind power on the spot and term market prices.

WindGenLive gives you the tools you need to trade with confidence in this ever-changing landscape of supply. Combining wind output with IIR’s real-time generation outage data on all fossil and nuclear units provides the most complete and accurate forecast of actual supply.

Operational Wind Generation by MW
Country North America Europe Current Operational Wind MW 38,722 74,767 Planned Wind MW additions (5 yrs) 114,205 27,393 Total 152,927 102,160

Pattern Recognition Technologies (PRT) Announces Newest Addition to its Web Based Forecasting Services: e-AccuWind™

PRT is proud to announce the newest addition to its esteemed line of web based forecasting services: e-AccuWind™, a powerful wind generation forecasting tool for ISOs, European markets, and individual wind farms. Those needing wind power forecasts can now enjoy the performance accuracy of our intelligence systems based technologies that has powered PRT’s other widely used forecasting tools for almost two decades.

e-AccuWind™ offers dynamic hourly generation forecasts up to seven days ahead. The required weather forecasts such as wind speeds are acquired from multiple sources and optimally combined for improved accuracy. In addition to a web interface, a customized tool is provided for interaction with the forecasting models and performing “what-if” scenarios. The forecasts are updated hourly using the most recent weather and any actual generation data that may have become available.

The e-AccuWind™ service is currently available for the aggregated wind generation in the following North American power markets: MISO, ERCOT, PJM, CAISO, BPA and ONTARIO.

Our wind generation forecasting service for the European electricity market has been set up as a joint effort with WSI, which is a trusted source of weather information across the globe. This service branded as WSI WindCast e-Power powered by PRT utilizes the e-AccuWind™ forecasting models along with WSI wind speed forecasts. Currently, forecasts for wind generation in Germany and Spain are provided. Individual forecasts for each of the four German TSOs are also available. The service is available on WSI’s web platform. We offer a free trial of e-AccuWind™. Contact us for more information. Phone: 214-692-5252 Email: forecast@prt-inc.com

Genscape’s Market Intelligence Group Expands PowerIQ–New York Daily Service

PowerIQ – NYISO (October)
Genscape’s Market Intelligence group, providing fundamental analysis and forecasting services for the wholesale power markets, is expanding its PowerIQ-New York Daily service. Now including price forecasts for zones J and K (in addition to zones A and G) for the Day Ahead Market and Next Day Real-Time markets, the service delivers a highly detailed and transparent look at fundamental market drivers including demand, weather, generation and transmission.

Genscape NatGas Fundamentals Weekly Report and Datafeed (September)
The service provides North American natural gas supply, demand, and storage data summarized in an informative, easy-to-consume report on a weekly basis. Also available as a datafeed, it is designed for companies that are natively exposed to the natural gas markets and prefer a weekly, rather than daily summary of key market indicators.

Genscape Infrared Power Monitoring – West IR Service (September 29th)
Genscape’s West IR service is a new coverage option for its Infrared (IR) Power Monitoring Service. The service gives wholesale power market participants visibility into the real-time output of nine critical plants in California, totaling over 7.5 GW of generating capacity, including Los Medanos Energy Center, Inland Empire, Delta Energy Center, and Mountainview Power.

The service is based on patented technology that captures real-time thermal images of each smokestack at the monitored plants. Genscape provides customers access to video playback of the images and also uses a proprietary algorithm to convert the images into MW output values. This is fifth region available (ERCOT, New England, New York, PJM, West).

Power RT – Major upgrade (September 29th)
Genscape released a major upgrade to its Power RT interface service, introducing a number of new client-driven features and enhancements. These include a new day-over-day generation change report, enhanced frequency event integration, additional plant and weather data layers, and a more interactive user interface.

We offer a free trial of e-AccuWind™. Contact us for more information. Phone: 214-692-5252 Email: forecast@prt-inc.com

Back to Summary
Platts Adds Balance-of-the-Month Assessments to the Platts-ICE Forward Curve Natural Gas North America

Following market consultation, Platts will add balance-of-the-month assessments to the Platts-ICE Forward Curve Natural Gas North America, effective September 29, 2011.

Balance-of-the-month assessments will be added for all 28 locations for which Platts currently provides daily forward assessments. For a list of those locations, see the forward curve methodology at http://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/platts_ice_forwardcurve_naturalgas.pdf.

The balance-of-the-month product covers the period beginning with the business day after the current day-ahead package and running through the end of the month.

Platts will use the same market-on-close methodology used for its current daily forward gas assessments, with assessments of the balance-of-the-month reflecting the transactable value at 2:30 pm Eastern Prevailing Time. Unlike daily forward assessments, balance-of-the-month prices are commonly expressed as fixed prices rather than basis values, and the Platts assessments will be expressed in fixed-price values.

The new balance-of-the-month assessments will be available along with the existing daily forward assessments in the forward curve add-on to Platts Natural Gas Alert and via Platts Market Data in category GN.

For questions, please contact Mike Wilczek at mike_wilczek@platts.com, with a cc to pricegroup@platts.com.

WEBINAR: TRANSACTING IN COMPETITIVE ENERGY AND COMMODITY MARKETS

Transacting in Energy and Commodity markets is complicated. Data volume and dynamic market movements pose great challenges for market players.

ZE PowerGroup is joining Platts to host a free webinar to address these challenges. The webinar, which will last 1.5 hours, will cover how to rationalize data for informed decision making and complex analysis.

- Overview of the Global Energy Complex – The Data Challenge
- Where Do Platts and ZE PowerGroup Fit In
- The Need For Market Data and Forward Curves
- Architecting the Data and Analysis Solution
- Curve Management
- The Client Perspective / Case Studies
- Next Steps
- Q&A

To register follow the link: https://www3.gotomeeting.com/register/310168790

Date & Time
Thursday, October 13th
4pm GMT / 11am EST
10am CST / 8am PST

Dr. Anguel Grigorov,
NoAm Director for Risk Data Services, Platts

Aiman El-Ramly,
Senior Vice President
Business Development, ZE PowerGroup Inc.
Emerging Markets Continue to Outpace the West in Derivatives Growth

According to the most recent annual report released by the Futures Industry Association*, growth resumed in the global derivatives market in 2010 after a flat performance in 2009. Market volumes increased by a staggering 25.6%, with a total of 22,295,247,449 contracts traded on the world’s largest 78 exchanges in 2010. Latin America and Asia-Pacific regions were the leaders.

The fastest growing region was Latin America, jumping 49.6% in 2010, with 1,526 million contracts changing hands. The majority of the activity was concentrated on the Brazilian Mercantile and Futures Exchange (BM&F), which is now ranked sixth in volume worldwide.

The world leader in growth was India’s main commodities exchange, the Multi Commodity Exchange (MCX). It increased over 180% and is now the 9th most active derivatives exchange in the world. 1,081 million contracts were traded on Mumbai-based MCX last year accounting for over 80% of the Indian commodities market. That exchange is now the world’s most active exchange for silver, the second most active for gold, copper and natural gas and the third most active for crude oil futures. MCX also offers futures trading in bullion, ferrous and non-ferrous metals, energy, and a number of agricultural commodities, including Indian spices such as Cardamom, Jeera, pepper and red chili.

China’s futures market also saw a significant increase in activity with over 1,567 million contracts traded in 2010 and the introduction of a forth derivatives exchange, the China Financial Futures Exchange. The Zhengzhou Commodity Exchange, China’s agricultural and chemical product exchange, led growth with 495 million contracts, a 118.4% increase from 2009. The Zhengzhou white sugar contract introduced in 2005, is now the most actively traded agricultural futures contract in the world.

The exchange, which trades a wide range of asset classes from foreign options on Brazilian equities to Brazilian coffee futures, boosted its activity by 54.5% last year with 1,422 million contracts changing hands.

Asia outpaced North America, which was a leader in the total volumes of trades in 2009. In 2010, Asia-Pacific emerged as the most active market for derivatives with a 42.8% increase. The Asian market now accounts for 39.8% of global activity with Chinese, Indian and Korean exchanges leading the pack. The Korean Exchange has been maintaining the status of the global leader for two years in a row.

The map illustrates the change in derivatives volume across four regions: Latin America (49.6%), Asia Pacific (42.8%), Europe (15.1%), North America (12.8%).

*2010 Annual Volume Survey by Futures Industry
http://www.futuresindustry.org/downloads/Volume-
Emerging Markets Continue to Outpace the West in Derivatives Growth

The Shanghai Futures Exchange, China’s largest futures exchange, which focuses on non-ferrous metals, also observed another year of impressive growth. 621 million contracts changed hands last year, 43% more than in 2009 with the exchange’s zinc contract soaring 354.5%, trading 147 million contracts. Last year, Shanghai’s steel rebar futures, driven by China’s construction boom, became the most active metals contract in the world.

Japan, on the other hand, suffered the hardest times. Two of its exchanges, Central Japan Commodity Exchange and Tokyo Grain Exchange, experienced the largest drops in trading activities (59.4% and 40.6% respectively). Central Japan Commodity Exchange, Japan’s third-largest exchange by volume, will cease operations by the end of January 2011 because of consistently dropping revenues and shrinking trade volume pressured by the overseas competition. Tokyo Grain Exchange, after sustaining three years of continued losses, has high hope for rice futures, which were re-launched in September 2011.

With dropping trade volume at two other Japanese exchanges, Kansai Commodity Exchange and Tokyo Commodity Exchange, the Japanese government is looking at integrating exchange-traded activities through the creation of a unified exchange that trades bonds, stocks, financial futures and commodities by 2013.

In terms of asset category, Foreign Exchange products saw the largest increase in volume, growing 142% in 2010. This is believed to be a result of increasing foreign exchange risk and the recovery of global trade; however, increased automation of trading activity was likely also a large factor. Agriculture and non-precious metals experienced the next largest increases, growing 41% and 39% respectively.

Top Ten Exchanges by Increase and by Decrease in Number of Futures and Options
### October

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Location</th>
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<tbody>
<tr>
<td>9-12</td>
<td>IECA Annual Conference</td>
<td>Summerlin, NV</td>
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<tr>
<td>10-12</td>
<td>LDC West</td>
<td>Los Angeles, CA</td>
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<tr>
<td>10-12</td>
<td>FIA Expo 2011</td>
<td>Chicago, IL</td>
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<tr>
<td>12-14</td>
<td>Asia Pacific Petroleum Conference</td>
<td>Singapore</td>
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<tr>
<td>13</td>
<td>Platts/ZEMA Webinar</td>
<td>Online</td>
</tr>
<tr>
<td>16-19</td>
<td>EEI Fall National Key Accounts Workshop</td>
<td>Frisco, TX</td>
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<tr>
<td>17-19</td>
<td>Allegro Customer Summit</td>
<td>Miami, FL</td>
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<tr>
<td>23-25</td>
<td>Energy Buyers Conference</td>
<td>San Antonio, TX</td>
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<tr>
<td>24-26</td>
<td>OPIS National Supply Summit</td>
<td>Las Vegas, NV</td>
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### November

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<tr>
<td>3-4</td>
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<td>Singapore</td>
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<tr>
<td>15-16</td>
<td>Appro</td>
<td>Toronto, ON</td>
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<td>14-16</td>
<td>LDC Toronto/IGUA</td>
<td>Toronto, ON</td>
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<tr>
<td>23-24</td>
<td>Emart Lyon</td>
<td>Lyon, France</td>
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