

Hedge Funds, Energy Trading & the Energy Industry

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Abstracts

The energy community is slowly emerging from two decades of obsession with speculation and trading. The era of the energy traders began in the early 1980s, with the deregulation of oil markets by the Reagan and Thatcher administrations, gathered force as Enron and its fellow travelers extended the trading culture to the natural gas and later electricity businesses, and came to an abrupt end in 2002 with the sudden collapse of confidence in many of the premises of the Enron model.

In retrospect, the rise of the energy trader paralleled a national fascination with making gains from an activity that usually operates on the margin of the economy. While every trader with swagger believes he or she will add immense value to an enterprise, with a few notable exceptions, most do not do so. Every experienced trading manager knows that, left to their own devices, most traders will in fact lose money.

The frontier of energy trading remains at the points where natural gas, LNG, oil, and electricity businesses converge. Oil and dry (North American) gas trading are now mature businesses. LNG and electricity trading remain new and challenging.

The global energy industry is undergoing dramatic changes with nearly every country going in for deregulation. What has emerged from this is a decoupling of the energy producer and consumer and introduction of an intermediary class of enterprises which deal in energy as a commodity, much like the wholesale grain merchants. And, in accordance with the times, these energy merchants are increasingly conducting their trades through the Internet.

As more and more of the world come to rely on energy so the investment market has come to rely on energy hedge funds. Energy hedge funds are portfolios, managed by a portfolio manager, with the intent and purpose of providing steady growth and investment return regardless of market conditions. What makes energy hedge funds so

attractive is that the demand for energy, the new sources available on a worldwide level and current political concerns, make these type of funds, energy hedge funds, especially attractive to sophisticated investors seeking to maintain their fortunes.

Aruvian's R'search's report on Hedge Funds, Energy Trading & the Energy Industry explores all the facets of this fast growing industry and provides a look at what makes up trading of energy exchanges, and energy hedge funds. The report looks at the leading market places in today's age, as well as the infamous Enron fiasco, along with the leading hedge funds dealing in energy. The basics of hedge funds, energy trading, hedge fund strategies, the process itself, and much more is discussed in depth. Read on inside to discover more.

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L.1 NYMEX

L.2 International Petroleum Exchange

L.3 Intercontinental Exchange and Trading

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M.1 Amaranth Advisors

M.2 Ardour Global Index

M.3 Barclays Global Investors

M.4 Centaurus Energy LP

M.5 Citadel Investment Group

M.6 D.E. Shaw Group

M.7 DRC Capital, Ltd

M.8 JP Morgan

M.9 RMF Global Emerging Managers

N. LEADING ENERGY TRADING MARKET PLACES

N.1 Energy Data Management (EDM) Pro

N.2 Enermetrix.com

N.3 Utility.com

N.4 HoustonStreet.com
N.5 Essential.com
N.6 Wisconsinpublicservice.com
N.7 Altra Market Place
N.8 The Demand Exchange
N.9 EnronOnline (EOL)
N.10 TradeSpark
N.11 Intercontinental Exchange
N.12 RedMeteor

O. APPENDIX

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