

The Commodity Trading Simulation @ SMU

March 26, 2009

The Players

Each Player will have the ability to trade up to a maximum of 2,000,000 bbls of WTI. Once a player has reached his authority limit of 2,000,000 bbls he/she will not be able to take further positions in the same direction.

Teams of up to 2 players max may decide to link up with each other through verbal coordination, but per-person limit stays at 2,000,000 bbls. **Players MUST trade at least 2,000,000 bbls during the game.**

Prices

Prices will be set in intervals of 10 cents per barrel in order to exaggerate profits and losses and to encourage participants to be decisive. Initial bid and ask will be set at \$50.00/bbl and \$50.10/bbl.

The Market

The "Market" will have bids and offers of 100,000 bbls of WTI at each interval of price. The announced news events reflect aggregate view of the market, and the Market would adjust its bids and offers accordingly. Each piece of news will appear two to three minutes after the last piece of news has appeared.

Basic Scenario

- Winter has come to an end, although some cold weather still persist in the US and Canada and Europe.
- OPEC has been making cutback to production, but there appears to be plenty of oil in the markets.
- US Heating Oil Season is coming to an end, and refineries have ending their turnaround season.
- US Refiners will have to start to build stocks for the Gasoline Season after turnarounds.
- IRAN and the US seem to be on the road to peace.
- The UN Security Council has not had to deal with Iran issue for some time.
- The market was oversold but has recovered to around \$50/bbl.

Important Note

1. THE WINNER IS THE ONE WHO MAKES THE MOST MONEY OR LOSES THE LEAST MONEY
2. PLEASE DO NOT EXCEED YOUR LIMIT OF 2,000,000 AT ANY TIME OR YOU WILL BE DISQUALIFIED
3. Processing and matching you bid takes time. Carefully observe the status of your previous bid before submitting a new bid. NEVER continuously hit the trade button as you might end up with a lot of unexpected transactions.
4. **YOU MUST CLOSE ALL YOUR POSITIONS BEFORE THE END OF THE GAME**