

Historical Brent Report

2011 Edition

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(Note: Current as of June 2011)



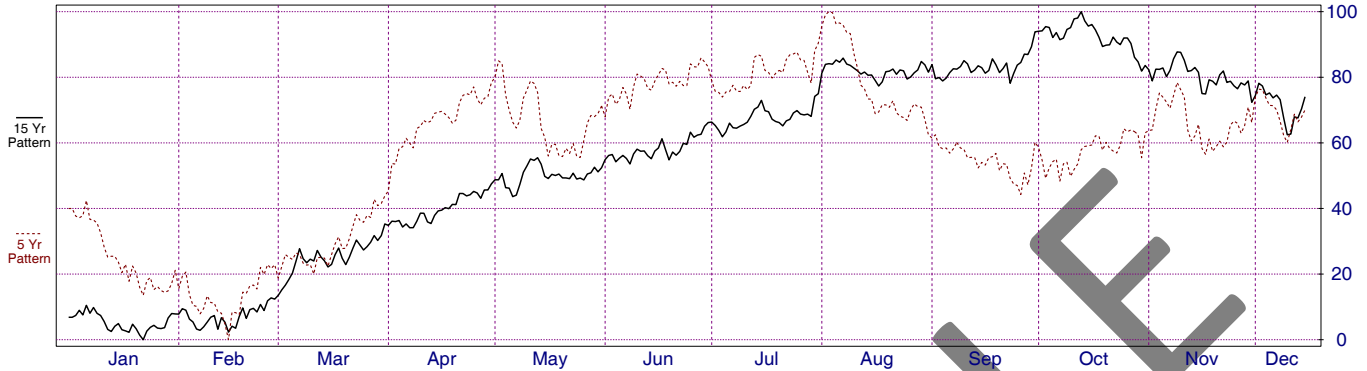
Moore Research Center, Inc. (MRCI), located on 73 secluded acres outside Eugene, Oregon, is sought for its futures market analysis, combining many years of intensive computerized study and the experience of real-time trading. Our hardware and software both are constantly upgraded, giving **MRCI** the speed and depth of capability to study price movement that we believe are state-of-the-art for the industry.

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Each chart consists of two aspects of a market's seasonal pattern—the most recent 15-year (solid line) and its most recent 5-year (dotted line), July 2011 contracts inclusive. Thus, any evolution in the pattern may be perceived, as well as trends, tops, and bottoms coincident to both. The numerical index to the right measures the greatest historical tendency for the market to make a seasonal high (100) or low (0) at a given time.

Besides illustrating the more obvious seasonal tops, seasonal bottoms, and seasonal trends, these patterns also suggest certain cause/effect phenomena which may present secondary opportunities. For instance, do smaller but well-defined breaks/rallies typically precede certain events, such as refinery shutdowns or expiration of a lead contract? If so, does there exist an implied opportunity?

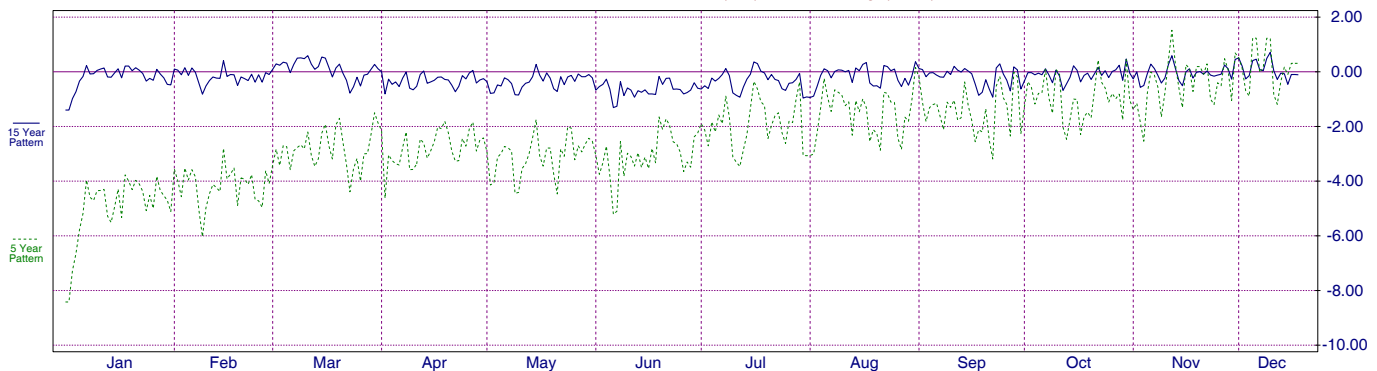
January Brent Crude Oil(ICE) Seasonal Patterns(1997-2011)



Futures markets are designed to enable those involved in the commerce of the underlying commodity to manage their risk of price fluctuation. Because commercial hedging is a purchase or sale in futures that temporarily substitutes for a similar transaction in the cash market, the relationship between cash and futures is of vital importance.

Charts in the **Basis** section portray an *averaged* difference between a designated cash price and a designated futures contract price, commonly referred to as “basis.” Per industry standard, the daily futures closing price is *subtracted* from the underlying cash price to determine chart points and cash quotes of “1.00 over” or “0.05 under” futures—the fluctuation of cash around futures. Because futures prices are the reference against which cash quotes are made, futures prices are represented on the charts by the 0-line. [The chart itself consists of both the 15-year average (the solid line) and its most recent 5-year average (the dotted line).] From these charts, one may discern not only the degree to which basis typically widens/narrows at any given time of the year but also the “rubber-band effect” of the delivery process.

Brent Blend Crude - Jan Brent Crude Oil(ICE) 15 Year Average(97-11)



Unique MRCI strategy sheets present each historically reliable seasonal trade or spread with a table of its relevant detail. Traders are encouraged to evaluate each strategy individually; some may be more speculative in nature than others.

To detect a trade, MRCI's computer system scrutinizes the last 15 years (when available) of historical price data for those trends recurrent, with a minimum reliability of 80%, during similar time windows. Those strategies are then subjected to further criteria established for average profit and duration of time window. Once discovered and initially evaluated, a trading strategy is outlined, its crucial data tabulated, and then presented in the format below for closer analysis – perspective in the third dimension, if you will.

* Exceptions maybe made in special reports in which are presented certain strategies that may have commercial rather than speculative application, for instance, those that duplicate/overlap other strategies or trade a “spot month” contract.

Reading the Table

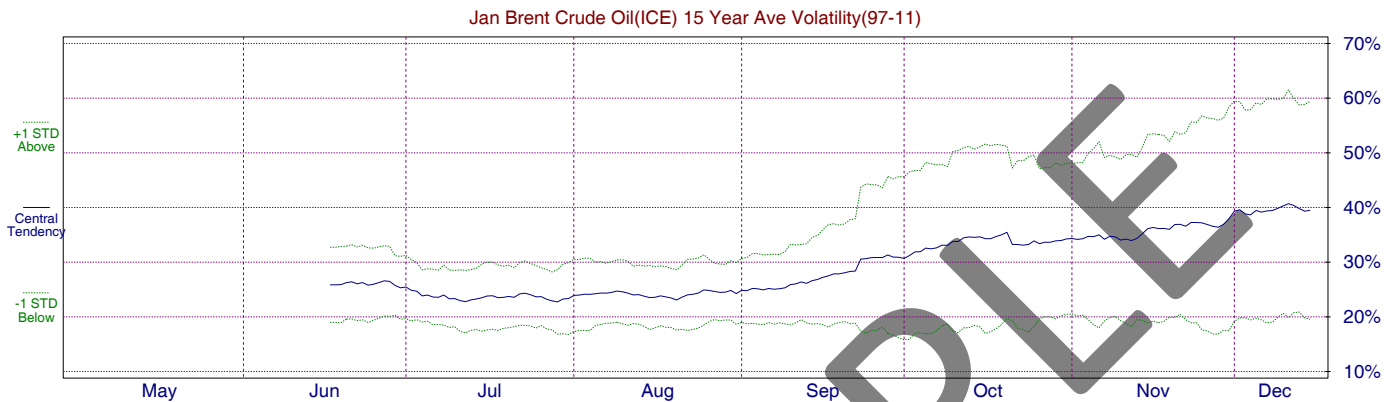
For each contract year studied, the table lists entry date and price, exit date and price, and the ultimate profit or loss. Entry and exit prices are definitively based on the *settlement price* of the dates listed, as are profit and loss values. If an optimized trade date fell on a weekend or holiday, entry was considered made on the *following trading day* while exit on the *prior*. (To more accurately reflect historical fact and actual market movement, studies on these strategy sheets do not utilize the equity protection techniques (STOPS) suggested for real-time trading.) The table encourages further evaluation by providing peak equity/worst drawdown dates and amounts.

The bottom section of the table calculates the strategy's historical reliability and overall average results. **Because past performance is not necessarily indicative of future results, these strategies are not recommendations but rather presentations of quantified historical fact. MRCI urges all traders to at all times employ proper money management techniques.**

Moore Research Center, Inc.		Brent Crude(ICE)—December								
Buy on approximately 01/22 - Exit on approximately 05/14							Contract Size: 1,000 barrels			
CONT YEAR	BUY DATE	BUY PRICE	EXIT DATE	EXIT PRICE	PROFIT	PROFIT AMOUNT	BEST EQUITY DATE	BEST EQUITY AMOUNT	WORST EQUITY DATE	WORST EQUITY AMOUNT
2011	01/24/11	97.58	05/13/11	111.12	13.54	13540.00	04/29/11	26130.00	01/25/11	-1100.00
2010	01/22/10	78.34	05/14/10	81.61	3.27	3270.00	05/03/10	14550.00	02/05/10	-3980.00
2009	01/22/09	54.19	05/14/09	62.57	8.38	8380.00	05/08/09	9020.00	02/18/09	-7910.00
2008	01/22/08	86.75	05/14/08	124.07	37.32	37320.00	05/09/08	38100.00	01/23/08	-1690.00
2007	01/22/07	57.68	05/14/07	69.23	11.55	11550.00	04/27/07	13280.00		
2006	01/23/06	68.29	05/12/06	74.51	6.22	6220.00	05/02/06	7810.00	02/15/06	-6160.00
2005	01/24/05	43.88	05/13/05	50.53	6.65	6650.00	04/04/05	13260.00	02/07/05	-1250.00
2004	01/22/04	28.77	05/14/04	35.30	6.53	6530.00	05/14/04	6530.00	02/04/04	-1670.00
2003	01/22/03	25.17	05/14/03	25.33	0.16	160.00	03/12/03	3630.00	04/29/03	-1760.00
2002	01/22/02	19.21	05/14/02	25.99	6.78	6780.00	05/14/02	6780.00		
2001	01/22/01	23.62	05/14/01	26.25	2.63	2630.00	05/10/01	3030.00		
2000	01/24/00	20.98	05/12/00	25.14	4.16	4160.00	05/12/00	4160.00	01/27/00	-30.00
1999	01/22/99	12.31	05/14/99	15.98	3.67	3670.00	05/05/99	3930.00	02/16/99	-950.00
1998	01/22/98	16.49	05/14/98	15.67	-0.82	-820.00	01/29/98	1150.00	03/17/98	-1900.00
1997	01/22/97	19.36	05/14/97	19.43	0.07	70.00	01/30/97	540.00	04/22/97	-1070.00
Percentage Correct	93									
Average Profit on Winning Trades						7.92	7923.57	Winners		14
Average Loss on Trades						-0.82	-820.00	Losers		1
Average Net Profit Per Trade						7.34	7340.67	Total trades		15

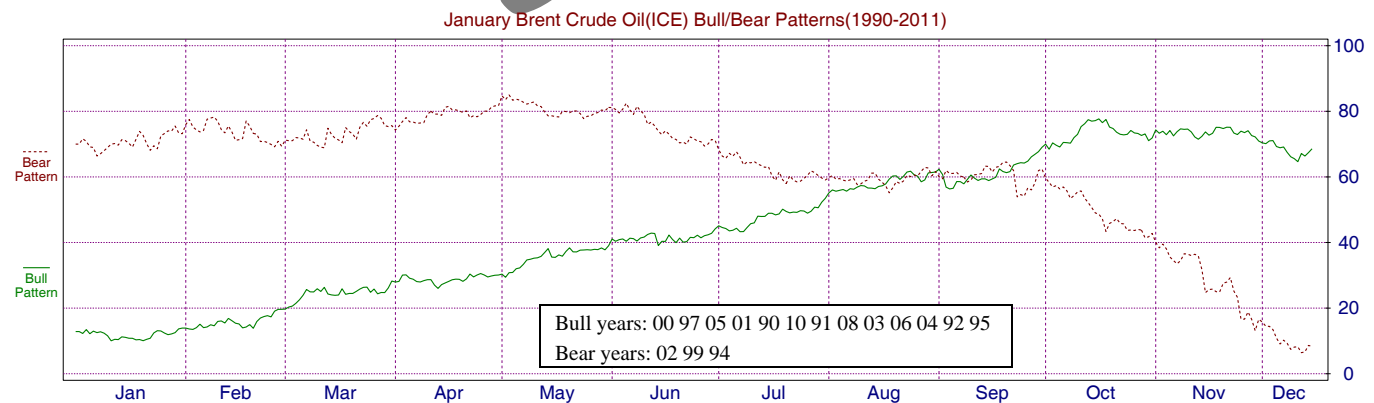
HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED BELOW. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS AND THE ACTUAL RESULTS SUBSEQUENTLY ACHIEVED BY ANY PARTICULAR TRADING PROGRAM. ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THAT THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT. IN ADDITION, HYPOTHETICAL TRADING DOES NOT INVOLVE FINANCIAL RISK, AND NO HYPOTHETICAL TRADING RECORD CAN COMPLETELY ACCOUNT FOR THE IMPACT OF FINANCIAL RISK IN ACTUAL TRADING. FOR EXAMPLE, THE ABILITY TO WITHSTAND LOSSES OR ADHERE TO A PARTICULAR TRADING PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ALSO ADVERSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE NUMEROUS OTHER FACTORS RELATED TO THE MARKETS IN GENERAL OR TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING PROGRAM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS AND ALL OF WHICH CAN ADVERSELY

Options traders typically can make use of both *direction* and *volatility*, a standardized measure of risk. An important component of option pricing, volatility can make premiums cheap or expensive. Just like insurance companies use actuarial tables, option traders wanting to know the risk of an “event” happening can determine the “normal” by referring to a chart of *average historical volatility*, a diagram plotting the average or “normal” volatility throughout the life of the contract. By way of explanation, the dotted line in the center represents the 15-year average of volatility in futures. At any given point on this line, volatility has been found to be above it half the time and below it the other half. The top line is at +1 standard deviation (STD), the bottom line at -1 STD. The area between these two may be considered a “probability” range, wherein volatility has remained 68% of the time. During the remaining 32% of the time, volatility was outside that range (16% above +1 STD, 16% below -1 STD). Current *implied volatility* implies an option’s cost in terms not of dollars or points but of risk. Comparing this number to the average volatility chart helps a trader better evaluate whether current option premiums are historically cheap or expensive in terms of *potential risk*. ❖



Each bull/bear chart consists of one composite pattern for bull years (solid line) and one for bear years (dotted line), with component contract years for each indicated in the box (“00” denotes 2000) for reference. Rather than chronologically, the order of contract years listed is determined by the degree of inclination/declination of the line best describing its scatterplot. In other words, the *most bullish (as defined by comparing slopes) of the bull years is listed first, but the most bearish of the bear years is listed last.*

That neither bull nor bear pattern reaches either 0 or 100 reflects a conscious decision made to better reproduce the vigor of dynamic trends. When MRCI constructs a 15-year pattern, averaged raw percentage values for each calendar day typically lie between 35 and 65—and are then blown out to between 0 and 100 to reflect greatest *tendency*. That final step is not taken when constructing these bull/bear patterns, and thus each better represents the extent of the typical bull or bear move. ❖



	Seasonal Strategy	Entry Date	Exit Date	Win Pct	Win Years	Loss Years	Total Years	Average Profit	Ave PPD/ Days	Pg No
1	Buy Brent Crude(ICE)—December	1/22	5/14	93	14	1	15	7341	65/113	31
2	Buy Apr Brent Crude(ICE) Sell Sep Brent Crude(ICE)			80	12	3	15	527	21/25	31
3	Buy Brent Crude(ICE)—April			87	13	2	15	3836	183/21	32
4	Buy Brent Crude(ICE)—October			93	14	1	15	3267	121/27	32
5	Buy Brent Crude(ICE)—April			93	14	1	15	2656	190/14	33
6	Buy Brent Crude(ICE)—December			93	14	1	15	5703	81/70	33
7	Buy Brent Crude(ICE)—June			93	14	1	15	5613	71/79	34
8	Buy Brent Crude(ICE)—January			93	14	1	15	4337	70/62	34
9	Buy Brent Crude(ICE)—July			87	13	2	15	4370	73/60	35
10	Buy Nov Brent Crude(ICE) Sell Aug Brent Crude(ICE)			80	12	3	15	420	4/95	35
11	Buy Brent Crude(ICE)—August			80	12	3	15	1399	100/14	36
12	Buy Brent Crude(ICE)—September			93	14	1	15	873	79/11	36
13	Buy Brent Crude(ICE)—November			87	13	2	15	1075	108/10	37
14	Buy Jun Brent Crude(ICE) Sell Jan Brent Crude(ICE)			80	12	3	15	1211	13/90	37
15	Buy Feb Brent Crude(ICE) Sell Dec Brent Crude(ICE)			80	12	3	15	774	14/56	38
16	Buy Jul Brent Crude(ICE) Sell Jan Brent Crude(ICE)			87	13	2	15	1203	20/59	38
17	Sell Brent Crude(ICE)—January			87	13	2	15	1097	73/15	39
18	Buy Jun Brent Crude(ICE) Sell Dec Brent Crude(ICE)			80	12	3	15	597	25/24	39
19	Buy Jul Brent Crude(ICE) Sell Feb Brent Crude(ICE)			87	13	2	15	797	17/47	40
20	Sell Brent Crude(ICE)—January			87	13	2	15	1425	178/8	40
21	Buy Brent Crude(ICE)—February			80	12	3	15	1061	152/7	41
22	Buy Brent Crude(ICE)—February			80	12	3	15	2098	78/27	41
23	Buy Brent Crude(ICE)—March			87	13	2	15	1342	52/26	42
24	Buy Brent Crude(ICE)—February			80	12	3	15	2156	154/14	42

Note: These trade strategies have worked with historical consistency. No representation is being made that they will work this year or in the future. Please check current market fundamentals and technical conditions before considering these trades. This information is not a recommendation to buy or sell at this time, but merely a historical presentation of trade strategies. Past results are not necessarily indicative of future results. No representation is being made that an account will or is likely to achieve profits or incur losses similar to those shown.

SEASONAL TENDENCIES ARE A COMPOSITE OF SOME OF THE MORE CONSISTENT COMMODITY FUTURES SEASONALS THAT HAVE OCCURRED OVER THE PAST 15 YEARS. THERE ARE USUALLY UNDERLYING FUNDAMENTAL CIRCUMSTANCES THAT OCCUR ANNUALLY THAT TEND TO CAUSE THE FUTURES MARKETS TO REACT IN A SIMILAR DIRECTIONAL MANNER DURING A CERTAIN CALENDAR PERIOD OF THE YEAR. EVEN IF A SEASONAL TENDENCY OCCURS IN THE FUTURE, IT MAY NOT RESULT IN A PROFITABLE TRANSACTION AS FEES, AND THE TIMING OF THE ENTRY AND LIQUIDATION MAY IMPACT ON THE RESULTS. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT HAS IN THE PAST OR WILL IN THE FUTURE ACHIEVE PROFITS UTILIZING THESE STRATEGIES. NO REPRESENTATION IS BEING MADE THAT PRICE PATTERNS WILL RECUR IN THE FUTURE. HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED BELOW. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS AND THE ACTUAL RESULTS SUBSEQUENTLY ACHIEVED BY ANY PARTICULAR TRADING PROGRAM. ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THAT THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT. IN ADDITION, HYPOTHETICAL TRADING DOES NOT INVOLVE FINANCIAL RISK, AND NO HYPOTHETICAL TRADING RECORD CAN COMPLETELY ACCOUNT FOR THE IMPACT OF FINANCIAL RISK IN ACTUAL TRADING. FOR EXAMPLE, THE ABILITY TO WITHSTAND LOSSES OR ADHERE TO A PARTICULAR TRADING PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ALSO ADVERSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE NUMEROUS OTHER FACTORS RELATED TO THE MARKETS IN GENERAL OR TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING PROGRAM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS AND ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS. RESULTS NOT ADJUSTED FOR COMMISSION AND SLIPPAGE.

