



Morgan Stanley Power Price Risk Management

- **The ITEC index was developed in collaboration with several participants from the Italian power and gas markets, Morgan Stanley and consultancy firm REF**
 - The index provide Italian electricity consumers, retailers and producers with a reliable, transparent and publicly available benchmark for electricity prices
 - The formula of the index takes into consideration the main thermoelectric costs affecting the electricity prices in Italy and offers a liquid and transparent proxy for forward electricity prices

- **Morgan Stanley has the knowledge and the ability to provide competitive swaps and options hedging strategies for the ITEC index**
 - Morgan Stanley is a well known market maker who is trading important volumes for all the commodities (Coal, Fuel Oil and Dated Brent) driving the index
 - Financial derivatives products may help electricity consumers and producers to hedge and manage their risk in a flexible way
 - Morgan Stanley will provide liquidity as well as real time quotations for swaps and options on the ITEC index

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Commodities Capabilities

Geographic Coverage



With offices throughout the world, global coverage of the commodities markets is possible with Morgan Stanley.

Morgan Stanley Commodities is an international group, with employees from a **diverse range of nationalities** (20+)



One of the top global commodity traders with an experienced team of professionals

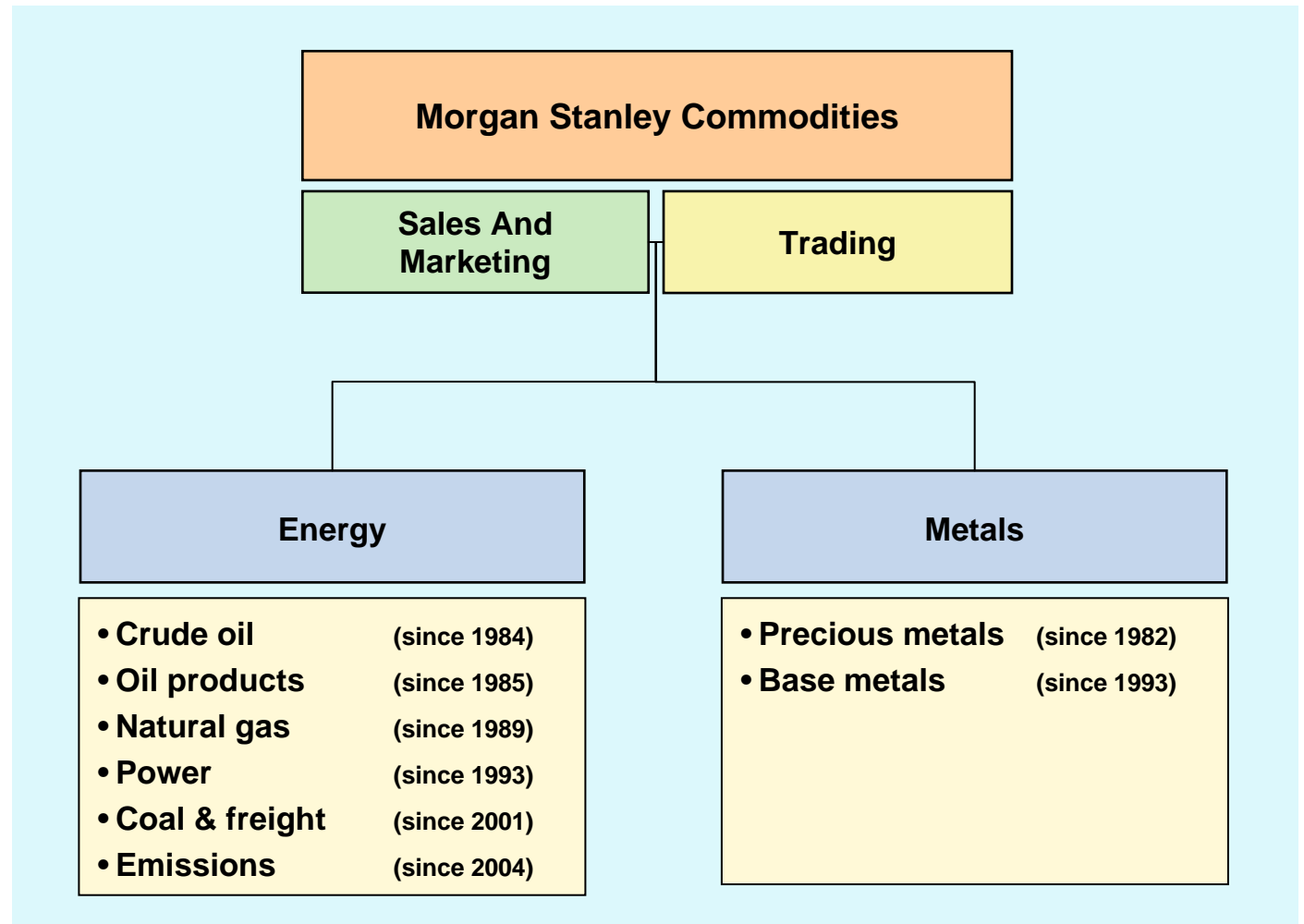
- Trading as a principal since 1982
- Over 280 professionals world-wide
- Offices throughout the world providing 24 hour, global coverage of all markets

Product Offering: Energy & Metals

Morgan Stanley is active in both the energy and metals markets.

Morgan Stanley's presence in both physical and paper markets gives an unprecedented advantage in managing clients' risks.

The range of products covered is one of the broadest in the industry, offering clients a "one stop shop" for their risk management needs.





Morgan Stanley covers “over the counter” (OTC) and exchange traded markets.

With our highly developed OTC capability, clients may manage very specific market risks.

Product Offering: Energy

Morgan Stanley Commodities: Energy Offering

OTC (Over The Counter)

- *Physical*

- Term and spot contracts for crude oil (Brent, WTI, Dubai, Urals, etc.)
- Term and spot contracts for oil products (fuel oil, gasoil, gasoline, naphtha, jet / kerosene, LPG etc.).

- *Derivatives*

- **Forwards** Morgan Stanley created several industry specific trading instruments
- **Swaps** Financial instruments without exchange of the underlying. Prompt to 10 years in crude oil, oil products, natural gas, electricity, coal and CO₂

- **Options** European and American, path dependant
Asian (average price), cross currency

Exchange Traded

- Founding member of IPE and a member of NYMEX. Comprise approximately 10% of daily volumes. } Brent, WTI, gasoil, heating oil, gasoline, natural gas, electricity
- **Futures**
- **Options**

Morgan Stanley | CLIENT LINK
COMMODITIES

Home | Research | Market Information | Analytics | Products

CDO | Commodities | Convertibles | Fixed Income | FX | Secur

Main Index | Energy Home | secure login

Commodities	Portfolio: Book 1	hide	Book 1	Modify
Metals Menu				
Energy Home	Volume	Start Date	End Date	
Energy Commentary	100000 bbl/m	Jul 07 01	Dec 31	
Energy News	100000 bbl/m	Jul 07 01	Dec 31	
Energy Research	Net Delta (000bbl)	Net Gamma (000bbl/\$)		
	3,183	240		
Swaps	d:daily;m:monthly;q:quarterly;b:semiannual;a:ann			
Portfolios				
Marks	Oil Swaps	hide	Configure Swap T	
Trading Ideas	Marks Settlement Date: Sep 07 2001 NY close			
Oil Market Cycle	BRENT (\$/BBL) Chart			
Analytics	DBRENT (\$/BBL) Chart			
Margins/Baskets	DUBAI (\$/BBL) Chart			
Industry Stats	GCHO (\$/GAL) Chart			
External Links	HO (\$/GAL) Chart			
	WTI (\$/BBL) Chart			

Morgan Stanley Commodities has several value-adding services available for use by clients:

Morgan Stanley Commodities

Product Offering: Additional Services

Morgan Stanley Commodities Services

Commodities Website

- An extensive, customisable source of information on energy and metals markets
- Through the website, clients may:
 - Obtain daily mark-to-market data and forward price quotes
 - Manage commodity portfolios, assess exposures, stress test portfolio positions through Greeks or other sensitivity analyses
 - Obtain statistics for the analysis of commodity markets

Research And Analysis

- A small team of commodity market specialists available to execute analyses on behalf of clients including:
 - Market updates, customised to clients' requirements
 - Analysis of specific product or geographic markets
 - Pricing of customer products requiring custom analyses (portfolio analysis, risk management, etc.)

Equity Research: Norwegian Energy (www.noenergy.com).

- Independent fundamental research group specialising in the oil markets
- The website is automatically reachable by MS clients via the Commodities website

The Morgan Stanley Offering



Morgan Stanley Commodities has an almost unrivalled offering in its marketplace.

This has resulted in Morgan Stanley becoming the first choice in the commodities industry for risk management solutions.

Morgan Stanley Commodities Key Strengths

Working Principles

- Long-term relationships based on co-operation and integrity
- Confidentiality of client information and activities

Highly Experienced Team

- An experienced team of seasoned, industry specialists
- A team that has grown together over a period of over 10 years

Depth Of Offering

- Many specialists focussed on specific product areas

Breadth Of Offering:

- Physical & financial instruments expertise combined to create unique, tailored solutions to clients' needs, giving:
 - Commodity price risk management solutions
 - Commodity linked financing solutions

Disclaimer

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