

Quantitative Finance >

Volume 12, 2012 - Issue 12: Commodities

494 9 Views CrossRef citations to date 3 Altmetric

Features

Inconvenience yield, or the theory of normal contango

Ilia Bouchoev

Pages 1773-1777 | Received 01 May 2010, Accepted 22 Aug 2011, Published online: 11 Dec 2012

Cite this article <https://doi.org/10.1080/14697688.2012.723463>

Sample our
Economics, Finance,
Business & Industry Journals
>> [Sign in here](#) to start your access
to the latest two volumes for 14 days

Full Article

Figures & data

References

Citations

Metrics

Reprints & Permissions

Read this article

Share

We Care About Your Privacy

We and our 880 partners store and access personal data, like browsing data or unique identifiers, on your device. Selecting I Accept enables tracking technologies to support the purposes shown under we and our partners process data to provide. Selecting Reject All or withdrawing your consent will disable them. If trackers are disabled, some content and ads you see may not be as relevant to you. You can resurface this menu to change your choices or withdraw consent at any time by clicking the Show Purposes link on the bottom of the webpage. Your choices will have effect within our Website. For more details, refer to our Privacy Policy. [Here](#)

We and our partners process data to provide:

Use precise geolocation data. Actively scan device

I Accept

Reject All

Show Purpose





© 2012 iStockphoto LP

Inconvenience yield, or the theory of normal contango

ILIA BOUCHOUEV*

Koch Supply & Trading, L.P., 667 Madison Ave, 22nd Floor, New York, NY 10065, USA

The relative impact of fundamental imbalances and financial flows on oil prices remains the subject of intense debate among market participants, economists, and policy makers. Proponents of traditional fundamental views blame the oil price spike of 2008—when U.S. crude rose to an all-time high of almost \$150 a barrel—primarily on the inability of the global refining industry to cope with the rapid demand growth from emerging markets. Conversely, practitioners tend to point towards additional demand for

Traditionally, there has always been more producer hedging than consumer hedging in oil markets. While investor money used to balance this gap nicely, it now far exceeds it. It is important, though, to realise that the reasons investors are coming to the oil market have changed. With contango being the 'normal' oil market structure for the last several years, investors are no longer investing in the front end of the oil market primarily in order to collect a positive risk premium driven by the roll yield. Rather, they are hedging against inflation. U.S.



Ack
Various
2011, Pa
2011, Ho
discussi
reliable.

10 and April
risk USA (May
eful
es to be

Log in via your institution

> [Access through your institution](#)

Log in to Taylor & Francis Online

> [Log in](#)

Restore content access

> [Restore content access for purchases made as guest](#)


Purchase options *

[Save for later](#)

PDF download + Online access

- 48 hours access to article PDF & online version
- Article PDF can be downloaded
- Article PDF can be printed


EUR 48.00

 Add to
cart

Issue

- 30 da
- Articl
- Articl

EUR 6

 Add to
cart

* Log



Relate

Information for

- Authors
- R&D professionals
- Editors
- Librarians
- Societies

Opportunities

- Reprints and e-prints
- Advertising solutions
- Accelerated publication
- Corporate access solutions

Open access

- Overview
- Open journals
- Open Select
- Dove Medical Press
- F1000Research

Help and information

- Help and contact
- Newsroom
- All journals
- Books

Keep up to date

Register to receive personalised research and resources by email

 Sign me up



Copyright

Accessib

Registered
5 Howick Pl

or & Francis Group
orma business

