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The Impact of Commodity Benchmarks on Derivatives Markets: The Case of the Dated Brent Assessment and Brent Futures

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Abstract

We examine the response of ICE Brent Crude futures to the spot Dated Brent benchmark published by Platts. Trading activity in the futures market intensifies during the benchmark assessment. We also find trading in the direction of the published benchmark during the price assessment window. Aligned positions and a substantially increased arrival rate of informed traders suggest that sophisticated traders, taking advantage of a rise in uninformed trading activity, induce the price run-up in Brent futures, ahead of the Dated Brent assessment end. The general increase in the arrival rate of both informed and uninformed traders during the

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