

CTDI CHINA ENERGY INDEX

01-May-2022



CTDI INDICES
A.I. DRIVEN FINANCIAL INDICES



TradeFlow
Capital Management
Transforming Risk, Enabling Trade

CTDI CHINA ENERGY INDEX

Index Overview

The CTDI China Energy Index is an energy focused index comprised of liquid energy commodities. The index comprises of three energy commodities currently traded on the Chinese futures exchanges: crude oil, fuel oil, and thermal coal.

The CTDI China Energy Index is weighted by relative liquidity based on the 60 days average total dollar value traded (TDVT) of contract size. Here, the total dollar value traded (TDVT) of contract size is defined as the contract size of futures multiplied by its futures price.

Index Objective: Benchmarking China's Economy

The CTDI China Energy Index is the most effective tool to track China's energy consumption and industrial activity. As China's economy shifts away from an export-oriented economy to one of domestic consumption, traditional macroeconomic export data will decline in importance as a barometer of China's economic success.

In the future, tracking China's energy consumption is the better benchmark to assess Chinese economic health. Why? Energy requirements drive manufacturing output, the foundation of the domestic consumption economy.

These sectors are equally weighted within the index and are rebalanced monthly.

A Traders' Market

China Energy Index serves the interests of traders, allowing them to benchmark Chinese economic activity in a more sensitive manner. It provides a transparent window for trading Chinese linked equities and commodities futures.

Our indices have value for all users needing an accurate benchmark of China's economic state, with the confidence of utilizing indices created to the standards set by the IOSCO Principles.



INDEX CONSTITUENTS AND WEIGHTINGS

Country of Listing

All commodities are listed contracts on all 4 Chinese futures exchanges.

The exchanges are:



This means all data used in the calculation of CTDI indices is based upon 'observable transactions'



CTDI CHINA ENERGY INDEX vs CHINA A50 INDEX vs CHINA GDP

- Equity isn't best measure of economic activity, especially during a period of fiscal and monetary stimulus being pumped into the market
- Energy commodities are a better measurement of true economic activity, and therefore, a better feed into other macro projections
- Since GDP's a lagging data point, WMB Energy CTDI China Energy Index can be a live tracker of economic activity, offering better insights before GDP is released
- True economic activity continues its slow climb back to levels prior to COVID, but equity market valuations seem to have overextended itself prematurely compared to economic fundamental

