

## **World Bunkering**

### **Chemoil turns to derivatives for growth**

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International supplier partners with majority owner Glencore to offer fuel hedging services

Chemoil Energy is to offer its customers hedging services from next month, according to chairman and chief executive Michael Bandy. Speaking in an interview with Reuters, Bandy said that Chemoil sees the derivatives market as a major growth area, and expects its derivatives volume to match its physical trades within three to five years, its chief. Over the first 10 months of 2010, Chemoil has hired 30 risk, credit and marketing staff primarily for the derivatives business. Chemoil currently hedges its own physical inventory, and will be expanding these services to its customers. Glencore, which is the majority stakeholder in Chemoil, will be the preferred counterparty for these derivatives trades.

"It's a very lucrative market. The margins are at least as good or better than the physical market," Bandy said. "The start-up will be slow but over the years we can expect substantial growth."

Bandy also announced that Chemoil plans to split the chairman and CEO roles, and is looking for a new chief executive. "It was always in our sights to split the roles. We have to find young talented individuals who can potentially be CEO. That is my number one key priority," he said.