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Trend-driven funds profit on oil's slippery path

By Barani Krishnan and Luc Cohen

Aug 28 (Reuters) - The oil market's 10 percent surge on Thursday offered a visceral reminder that many of its most active participants could not care less about global oil inventories, Saudi Arabia's stressed finances or the American shale revolution.

For dozens of commodity trading advisors (CTAs) from Rotterdam to Chicago, so-called "systematic" funds that typically use price charts or commodity models to plot their trades, ...

Red Rock Capital, a Chicago-based CTA, saw its short position in U.S. crude, which opened at $58.77 a barrel in early July, stopped out on Thursday when the market rebounded more than $2 intraday.

"It's all very similar to blackjack," said Thomas Rollinger, Red Rock's chief investment officer. "Basically you're not going to win at every hand."

U.S. crude eventually settled the day at $42.56, up almost $4. But Red Rock's exit at $40.99 still netted Rollinger almost $18 a barrel. On the broader side, the $42 million fund is up 21 percent on the year, almost 15 percent of that gained since the start of July when oil began tumbling.

... buying that may cause oil to rebound just as fiercely as it has fallen - regardless of the glut.

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"Typically when you have these big trends, the systematic people do a better job capturing them," said Sol Waksman, president of BarclayHedge, an Iowa-based firm that tracks CTA performances. "The problem is, once that trend ends, that's when the systematic trader is more likely to give back a bigger piece than a discretionary manager." (Additional reporting by Eric Onstad in London and Lawrence Delevingne in New York; Editing by Lisa Shumaker)