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Trend-driven funds profit on oil's slippery path

By Barani Krishnan and Luc Cohen

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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.

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.

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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)