What you are actually trading is not the barrel

> **RETAIL COMMODITY WRAPPER**
>
> A CFD or spread bet whose price is derived from a commodity futures contract, which in turn references a physical good. Two layers of separation: the wrapper carries your broker's pricing and financing, and the future carries the market's delivery machinery. You trade the top layer and inherit the behaviour of both.

Between you and a barrel of oil stand two contracts, and each one changes what you actually hold.

Layer one: the future

The exchange contract is the promise from lesson 1 - a grade, a place, a month. It has a settlement price, margin calls, an expiry date, and a delivery obligation at the end. Professionals trade this layer directly.

Layer two: your wrapper

A retail CFD or spread bet references that future but is a private contract with your broker. The quote is your broker's own - derived from the exchange price, with a spread around it, exactly as your index quote was. You cannot deliver into it, and it never expires on you; instead the broker rolls its reference from one contract month to the next and adjusts your position for the difference. What that roll costs, and how financing is charged, is module 3's business. This lesson only needs you to know the layer exists.

The chart is a splice

Here is the consequence nobody warns you about. The future your wrapper references expires every month or quarter, so the 'continuous' chart on your platform is a splice of many contracts joined end to end. December oil and January oil are different prices - so at each join, someone chose how to stitch the seam, and different platforms choose differently.

This is why your chart and a friend's chart of 'the same' oil market can show different levels, why a years-long commodity chart can mislead you about what a buy-and-hold would have returned, and why a support level from eight months ago may be an artefact of the splice rather than a price anyone traded. The month dimension - the third part of the promise - is hiding inside every commodity chart you will ever look at.

What to take from this

Your quote is your broker's, at every moment. The exchange price is its ancestor, not its twin. Your position rolls; the future expires. The difference between those two facts is a recurring cost you will meet in module 3. Any long-term commodity chart is a constructed object. Ask how it was joined before you trust what it seems to show.

Check your understanding

1. A commodity CFD position is held for a year. The chart shows the price unchanged. Why might the account still show a meaningful loss?

a. The broker mispriced the position

b. The continuous chart splices successive contract months, and the roll between them is a real cost the splice hides

c. Commodity CFDs charge annual account fees

Answer: b. The wrapper rolls from expiring contract to next contract, and the price difference between months is real money. A spliced chart can show 'flat' while the rolls quietly accumulated. The mechanics arrive in module 3.

2. Whose price is the quote on your commodity CFD?

a. The exchange's official settlement price

b. Your broker's own price, derived from the referenced future

c. The pricing agency's daily assessment

Answer: b. The wrapper is a private contract with your broker. Its quote tracks the exchange price closely, but the spread, the roll and the financing all belong to the broker's layer.