



The Morning Email: Oil

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Want something added? Let me know: jgoulding@ghco.com

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ENERGY MATRIX - NYMEX PRODUCTS								
NYMEX	Last	NET	High	Low	Open	Volume	Yest. Vol	SYM Name
CLA	99.11	-0.07	99.41	98.5	99.17	11,701	359,433	WTI Crude
HOA	271.8000	-0.1100	272.7	270.91	272.2	1,500	102,447	Heating Oil
RBA	253.1	-1.04	254.41	252.05	254	1,066	114,781	Unleaded Gas
NGA	76.66	-0.0800	77.33	76.5	76.52	679	333,314	Natural Gas

All contracts quoted are electronic.

All contraces are coded for lead volume month/ Meaning, whatever month has the most volume, that's the month quoted in the matrix above, for all contracts.

Oil Is Steady Before Report Likely to Signal Slower U.S. Growth
2008-01-04 06:25 (New York)

By Alexander Kwiatkowski

Jan. 4 (Bloomberg) -- Oil traded little changed before a report expected to show hiring in the U.S. cooled last month, stoking concern demand will drop as economic growth slows.

Unemployment increased to a 17-month high in December as job growth waned, according to a Bloomberg News survey. With employment slowing, demand for fuel may fall as U.S. consumers cut spending. Gasoline supplies rose to the highest since March last week, according to an Energy Department report yesterday.

"If the economy in the U.S. weakens this should definitely lead to weaker demand for oil products," said Hannes Loacker, an analyst at Raiffeisen Zentralbank Oesterreich AG in Vienna.

Crude oil for February delivery traded down 9 cents at \$99.09 a barrel in electronic trading on the New York Mercantile Exchange at 11:21 a.m. London time.

Yesterday, the contract set a record of \$100.09 before closing down 44 cents at \$99.18 a barrel. Prices are up 77 percent from a year ago.

"We know the U.S. is going to be going into a recessionary problem and so is possibly Europe," said Robert Laughlin, a senior broker at MF Global Ltd. in London. "A recession is highly likely during the year and that will affect oil demand if it is a global recession."

Brent crude for February settlement traded up 19 cents at \$97.79 a barrel at 11:23 a.m. London time on the ICE Futures Europe exchange. The contract rose to a record intraday price of \$98.50 a barrel yesterday.

Jobless Rate

U.S. payrolls rose by 70,000 in December after increasing 94,000 in November, according to the Bloomberg News survey. The jobless rate probably rose to 4.8 percent from 4.7 percent. Another report may show service industries expanded at the slowest pace since March, a sign the housing slump is spreading through the economy.

(cont.)

While a slowdown in the U.S. economy may cut demand for oil, it may also further weaken the value of the U.S. dollar, which could help support oil prices. Declines in the dollar can bolster oil because it makes commodities cheaper for buyers outside the U.S. and attracts investors seeking a hedge against inflation.

"We expect more bad news to flow in from the U.S., weakening the U.S. dollar even further," said Thina Saltvedt, an analyst at Nordea Bank AB in Oslo. "A weaker U.S. dollar and increased political turbulence in Nigeria will retain the upward pressure on the oil price."

OPEC Production

Oil prices close to \$100 strengthen the argument for an increase in supply by the Organization of Petroleum Exporting Countries. It meets on Feb. 1 in Vienna to reassess production targets, said Loacker of Raiffeisen Zentralbank Oesterreich.

"With these price levels, the probability for a crude supply increase is increasing substantially," he said.

Indonesia, OPEC's second-smallest producer, will propose OPEC increase supply by at least 500,000 barrels a day when it meets, Indonesian OPEC Governor Maizar Rahman said yesterday. OPEC officials have said the group is unable to counter the rally in oil because soaring prices are caused by speculators.

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Economic Release Estimates, from Bloomberg

NYMEX - WTI					
	Last	Yest. Open Int	Yest. Volume	Today's Volume	Contract Month
F.CLAG08	99.11	0	458,678	8,174	FEB
F.CLAH08	98.80	0	153,502	2,138	MAR
F.CLAJ08	98.23	0	57,800	787	APR
F.CLAK08	97.70	0	27,958	263	MAY
F.CLAM08	97.29	0	34,554	514	JUN
F.CLAN08	96.82	0	7,488	54	JUL
F.CLAQ08	96.35	0	2,741	0	AUG

Contango: pays more to store crude. Pump prices rise, and so do oil company profits

Backwardation: opposite of Contango

ICE - BRENT					
	Last	Yest. Open Int	Yest. Volume	Today's Volume	Contract Month
F.QOG08	97.84	99,572	84,859	19,694	FEB
F.QOH08	97.47	139,752	41,663	13,702	MAR
F.QOJ08	97.20	39,107	19,381	6,750	APR
F.QOK08	96.87	20,067	8,255	2,481	MAY
F.QOM08	96.39	29,090	8,972	2,227	JUN
F.QON08	96.01	10,431	1,884	358	JUL
F.QOC08	95.78	8,501	1,156	149	AUG

Contango IF: front months lower than back months.

