



The Morning Email: Oil

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ENERGY MATRIX - NYMEX PRODUCTS								
NYMEX	Last	NET	High	Low	Open	Volume	Yest. Vol	SYM Name
CLA	97.45	-0.46	97.97	97.11	97.79	11,957	369,975	WTI Crude
HOA	267.8500	-0.5000	268.93	266.78	268.47	855	119,485	Heating Oil
RBA	249.65	-1.45	251.15	249.45	251.1	840	137,134	Unleaded Gas
NGA	78.6	0.1900	78.95	78.03	78.03	1,039	237,098	Natural Gas

All contracts quoted are electronic.

All contracts 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 Falls on Forecast of Record-High Temperatures in East U.S.
2008-01-07 04:51 (New York)**

By Grant Smith and Angela Macdonald-Smith

Jan. 7 (Bloomberg) -- Crude oil fell for a third day on forecasts for temperatures near record highs for the period in the eastern U.S., cutting demand for heating fuel.

Temperatures may be as much as 30 degrees Fahrenheit above normal from the Great Lakes to the Atlantic coast through Jan. 9, according to forecaster Accuweather. Oil fell more than \$1 a barrel on Jan. 4 on concern that energy demand will slow after U.S. unemployment rose to a two-year high.

"The U.S. has yet to see a sustained bout of freezing weather to push prices higher," said Robert Laughlin, a senior broker at MF Global Ltd. "We've seen a volley of selling across commodity and equity markets amid fears of global recession, which would adversely affect oil demand."

Crude oil for February delivery fell as much as 80 cents, or 0.8 percent, to \$97.11 a barrel in after-hours electronic trading on the New York Mercantile Exchange. It was at \$97.56 at 9:48 a.m. London time.

On Jan. 4 the contract dropped \$1.27, or 1.3 percent, to \$97.91. Oil, 74 percent higher than a year ago, reached a record \$100.09 a barrel on Jan. 3 as violence flared in Nigeria, Africa's largest producer.

"It's warming up in the U.S. Northeast and at the moment, in the peak-demand period, the market is very sensitive to weather forecasts," said Mark Pervan, senior commodity strategist at Australia & New Zealand Banking Group Ltd. in Melbourne. "In Africa, we haven't had any more news updates so that's another reason for a bit of profit-taking."

Refining Profit

There will be 39 percent less heating demand from Jan. 5 to Jan. 11 in the U.S. Northeast, where four-fifths of all heating oil is consumed, according to Weather Derivatives LLC.

The profit, or crack margin, from processing crude into heating oil has fallen 4.9 percent since Jan. 2 to \$14.95 a barrel as temperatures warmed in the eastern U.S.

Brent crude for February settlement traded up 3 cents at \$96.82 a barrel on London's ICE Futures Europe exchange at 9:48 a.m. London time.

(cont.)

The contract declined 81 cents, or 0.8 percent, on Jan. 4 to close at \$96.79 a barrel. Futures touched \$98.50 on Jan. 3, the highest intraday price since trading began in 1988.

The Organization of Petroleum Exporting Countries, which is due to meet Feb. 1 to consider production targets, is supplying enough crude and can't be blamed for record prices, said the group's new president, Chakib Khelil.

'Enough Oil'

"There is enough oil in the market," Khelil, the Algerian oil minister who took over OPEC's rotating presidency for 2008, told reporters in Algiers on Jan. 5. He declined to say whether the 13-member organization, producer of more than 40 percent of the world's oil, may decide to raise output to curb prices when it meets Feb. 1.

"Prices at these kind of levels might be a little higher than OPEC is happy with," said Gerard Burg, a minerals and energy economist at National Australia Bank Ltd. in Melbourne. "What they do on Feb. 1 might depend on the U.S. stockpile movements over the next few weeks."

Hedge-fund managers and other large speculators increased their net-long position in New York crude-oil futures in the week ended Jan. 1, according to U.S. Commodity Futures Trading Commission data.

Speculative long positions, or bets prices will rise, outnumbered short positions by 87,046 contracts on the New York Mercantile Exchange, the Washington-based commission said in its Commitments of Traders report. Net-long positions rose by 34,199 contracts, or 65 percent, from a week earlier.

--With reporting by Ahmed Rouaba in Algiers, Christian Schmollinger and Sophie Tan in Singapore. Editors: Will Kennedy, Kristen Sxhweizer.

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Economic Release Estimates, from Bloomberg

NYMEX - WTI					
	Last	Yest. Open Int	Yest. Volume	Today's Volume	Contract Month
F.CLAG08	97.45	0	442,205	8,198	FEB
F.CLAH08	97.30	0	168,698	1,890	MAR
F.CLAJ08	96.85	0	58,890	417	APR
F.CLAK08	96.30	0	29,238	387	MAY
F.CLAM08	95.90	0	27,091	665	JUN
F.CLAN08	95.80	0	3,668	0	JUL
F.CLAQ08	95.08	0	2,729	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	96.82	93,193	90,279	13,022	FEB
F.QOH08	96.55	146,883	49,022	9,000	MAR
F.QOJ08	96.31	40,002	24,894	3,788	APR
F.QOK08	95.98	21,186	9,100	2,050	MAY
F.QOM08	95.66	29,712	8,345	2,072	JUN
F.QON08	95.26	10,688	1,281	541	JUL
F.QOC08	95.78	8,999	1,265	383	AUG

Contango IF: front months lower than back months.

