

## The Morning Email: Oil

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## ENERGY MATRIX - NYMEX PRODUCTS

NYMEX	Last	NET	High	Low	Open	Volume	Yest. Vol	SYM Name
<b>CLA</b>	54.59	-0.17	55.15	53.66	55.08	18,833	402,958	WTI Crude
<b>HOA</b>	175.8900	0.1000	177.24	174.4	176.8	1,378	66,403	Heating Oil
<b>RBA</b>	112.42	-1.26	114.06	111.23	114.06	1,504	50,630	Unleaded Gas
<b>NGA</b>	65.1	-0.0600	65.2	64.75	64.76	479	138,359	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.



**NYMEX - WTI**

	Last	Yest. Open Int	Yest. Volume	Today's Volume	Contract Month
F.CLAX08	#VALUE!				
F.CLAZ08	54.24	0.00	189,689	6,041	DEC
F.CLAF09	54.59	0.00	156,195	11,127	JAN
F.CLAG09	55.41	0.00	34,913	1,201	FEB
F.CLAH09	56.36	0.00	17,819	522	MAR
F.CLAJ09	56.47	0.00	34,913	1,201	APR

**ICE - BRENT**

	Last	Yest. Open Int	Yest. Volume	Today's Volume	Contract Month
F.QOX08	#VALUE!				
F.QOZ08	#VALUE!				
F.QOF09	51.66	115,015	109,986	21,951	JAN
F.QOG09	53.58	105,812	45,237	8,512	FEB
F.QOH09	55.18	38,819	17,336	4,793	MAR
F.QOJ09	56.32	105,812	45,237	8,512	APR

Contango IF: front months lower than back months.

IF Contango, then: It pays more to store crude. Carry cost is positive.

Also, It pays to keep crude stored, pump prices rise, and so do oil company profits

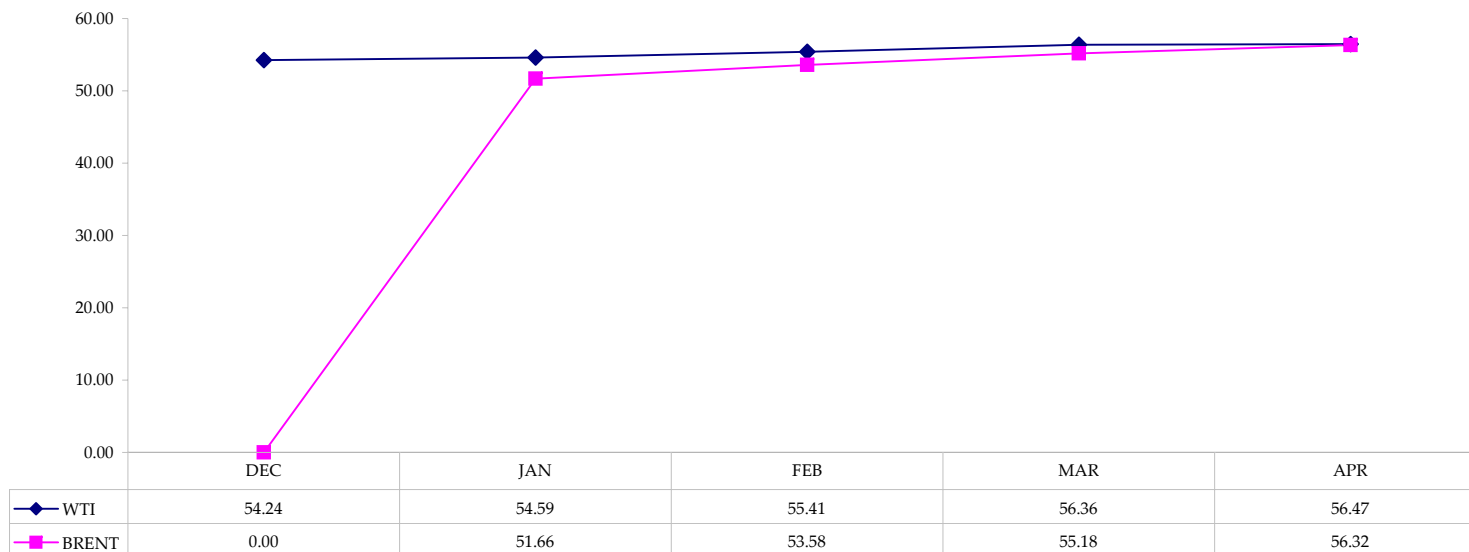
Backwardation: Opposite of Contango

"Never sell a backwardation market". Backwardation tends to coexist with rising prices

IF Contango and price is rallying, then 'long only' funds are buying.

That's because it's the only thing that makes sense due to the fact, funds do not incur carrying charges.

Contango is bearish for price.



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**Crack Spreads relative to Crude:**

If crack spread weak then less incentive to store crude.

That's bearish for crude.

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