

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

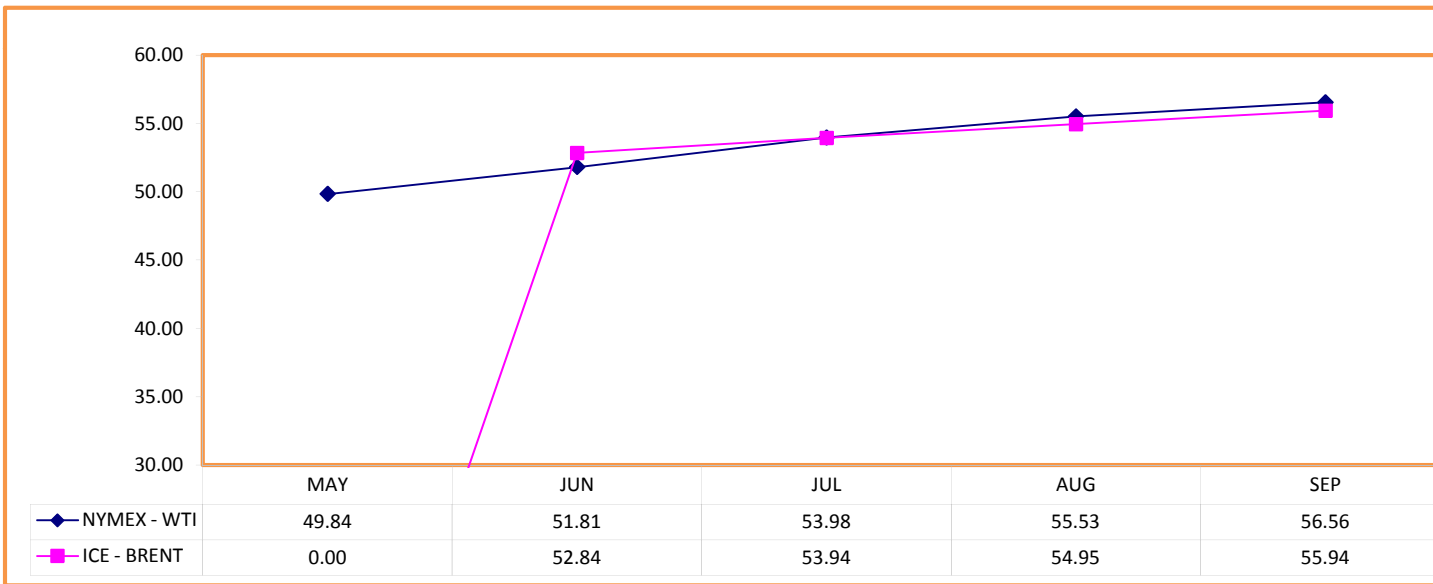
NYMEX	Last	NET	High	Low	Open	Volume	Yest. Vol	SYM Name
CLA	49.84	-0.14	49.96	49.41	49.93	12,734	391,914	WTI Crude
HOA	141.47	-0.71	142.27	140.46	142.18	927	80,061	Heating Oil
RBA	147.78	0.35	147.85	147.15	147.45	1,504	67,592	Unleaded Gas
NGA	35.73	-0.26	36.1	35.58	36.01	502	150,789	Natural Gas

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.

Economic Release Estimates, from Bloomberg

NYMEX - WTI						ICE - BRENT				
	Last	Yest. Open Int	Yest. Volume	Today's Volume	Contract Month	Last	Yest. Open Int	Yest. Volume	Today's Volume	Contract Month
F.CLAK09	49.84	na	163,344	5,484	MAY	F.QOK9	#VALUE!			
F.CLAM09	51.81	na	139,849	8,290	JUN	F.QOM9	52.84	159,629	14,822	JUN
F.CLAN09	53.98	na	43,227	2,090	JUL	F.QON09	53.94	108,511	45,035	JUL
F.CLAQ09	55.53	na	17,232	459	AUG	F.QOQ09	54.95	37,741	17,195	AUG
F.CLAU09	56.56	na	7,967	96	SEP	F.QOU09	55.94	27,620	6,807	SEP
F.CLAV09	57.49	na	4,160	99	OCT	F.QOV09	56.82	17,262	3,024	OCT
F.CLAX09	58.91	na	1,909	66	NOV	F.QOX09	57.69	15,593	2,014	NOV
F.CLAZ09	59.48	na	10,190	245	DEC	F.QOZ09	58.43	87,989	8,154	DEC



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

Crack Spreads relative to Crude:

If crack spread weak then less incentive to store crude.

That's bearish for crude.

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.