

## The Morning Email: Oil

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Want something added? Let me know: [jgoulding@ghco.com](mailto:jgoulding@ghco.com)

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## ENERGY MATRIX - NYMEX PRODUCTS

NYMEX	Last	NET	High	Low	Open	Volume	Yest. Vol	SYM Name
CLA	50.02	0.4	50.14	49.06	49.65	17,132	365,196	WTI Crude
HOA	133.75	-0.86	133.68	131.9	133.3	859	67,688	Heating Oil
RBA	140.4	0.25	140.75	139.4	140.65	849	62,945	Unleaded Gas
NGA	33.9	-0.19	33.96	33.6	33.8	1,200	145,349	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**

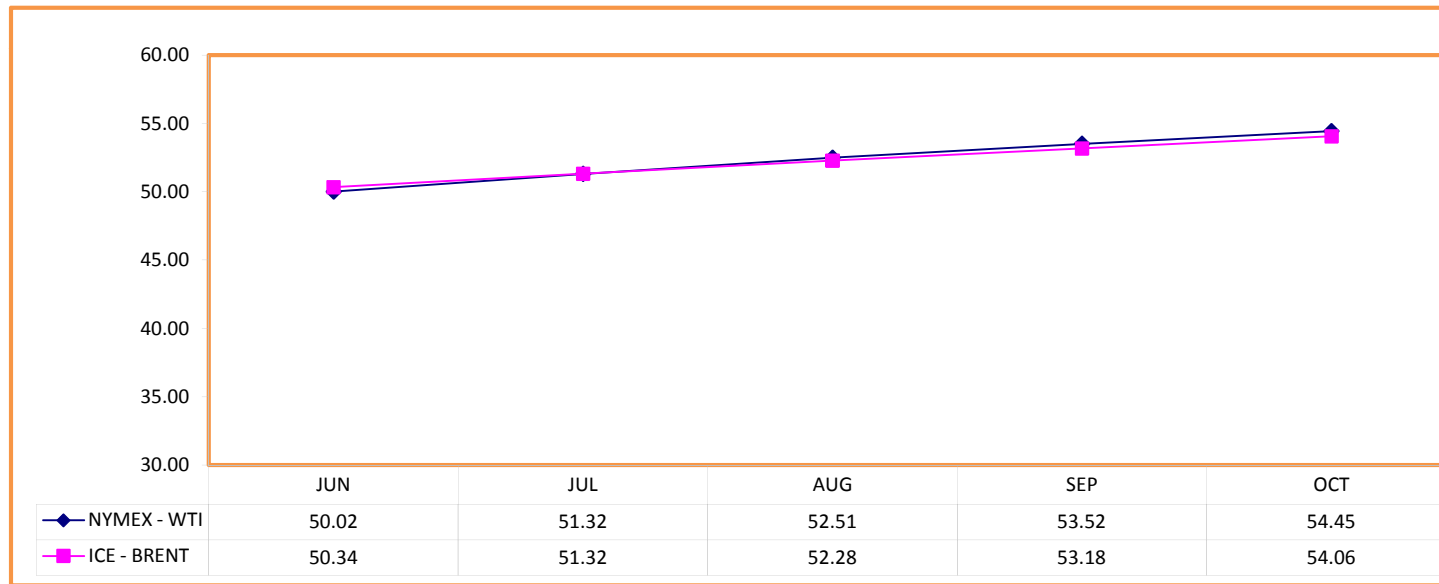
Spreads - WTI and BRENT

**NYMEX - WTI**

	Last	Yest. Open Int	Yest. Volume	Today's Volume	Contract Month
F.CLAK09	#VALUE!	na			
F.CLAM09	50.02	na	204,479	15,374	JUN
F.CLAN09	51.32	na	82,786	5,963	JUL
F.CLAQ09	52.51	na	23,988	1,466	AUG
F.CLAU09	53.52	na	12,038	961	SEP
F.CLAV09	54.45	na	5,492	285	OCT
F.CLAX09	55.05	na	3,900	145	NOV
F.CLAZ09	56.35	na	17,608	305	DEC

**ICE - BRENT**

	Last	Yest. Open Int	Yest. Volume	Today's Volume	Contract Month
F.QOK9	#VALUE!				
F.QOM9	50.34	148,868		19,216	JUN
F.QON09	51.32	124,282	48,903	11,041	JUL
F.QOQ09	52.28	46,741	17,551	4,464	AUG
F.QOU09	53.18	31,075	7,245	2,127	SEP
F.QOV09	54.06	20,532	4,660	1,104	OCT
F.QOX09	54.93	18,328	4,081	723	NOV
F.QOZ09	55.80	93,459	12,231	1,656	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.