

## The Morning Email: Oil

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## ENERGY MATRIX - NYMEX PRODUCTS

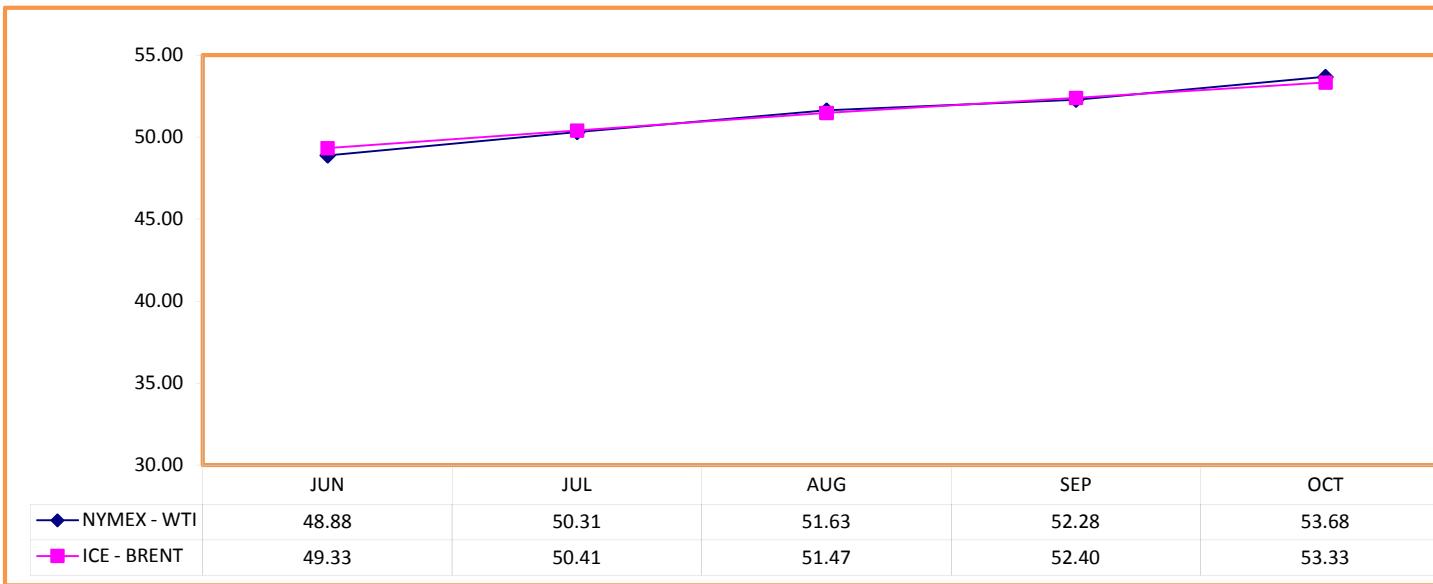
NYMEX	Last	NET	High	Low	Open	Volume	Yest. Vol	SYM Name
<b>CLA</b>	48.88	-2.67	51.45	48.65	51.45	30,990	402,787	WTI Crude
<b>HOA</b>	132.7	-5.88	137.99	131.58	137.58	1,752	72,100	Heating Oil
<b>RBA</b>	139.7	-5.05	144.02	138.52	144.02	1,773	55,648	Unleaded Gas
<b>NGA</b>	32	-0.97	32.71	31.9	32.68	2,410	118,442	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					
	Yest.	Yest.	Today's	Contract		Yest.	Yest.	Today's	Contract		
Last	Open Int	Volume	Volume	Month	Last	Open Int	Volume	Volume	Month		
F.CLAM09	48.88	na	230,865	23,462	JUN	F.QOM9	49.33	147,328	102,058	34,716	JUN
F.CLAN09	50.31	na	70,061	6,869	JUL	F.QON09	50.41	125,516	59,238	15,386	JUL
F.CLAQ09	51.63	na	23,844	1,726	AUG	F.QOQ09	51.47	50,756	32,401	8,486	AUG
F.CLAU09	52.28	na	17,847	678	SEP	F.QOU09	52.40	35,184	15,234	4,524	SEP
F.CLAV09	53.68	na	9,200	247	OCT	F.QOV09	53.33	22,463	6,772	2,198	OCT
F.CLAX09	54.68	na	6,146	201	NOV	F.QOX09	54.26	17,800	4,515	1,490	NOV
F.CLAZ09	55.68	na	22,570	536	DEC	F.QOZ09	55.18	94,423	13,492	2,974	DEC
F.CLAF10	58.48	na	2,613	133	JAN	F.QOF10	56.01	18,234	2,645	122	JAN
F.CLAG10	59.18	na	800	142	FEB	F.QOG10	57.40	8,312	1,591	43	FEB



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.