

## 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>	70.66	-0.92	71.49	70.28	71.34	24,384	607,647	WTI Crude
<b>HOA</b>	185.95	-1.18	188.25	185.4	187.9	1,021	56,341	Heating Oil
<b>RBA</b>	204.6	-2.33	206.95	204.13	206.65	927	82,718	Unleaded Gas
<b>NGA</b>	39.75	-0.56	40.14	39.32	39.91	3,500	238,407	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

<HELP> for explanation. Corp ECO  
 9<GO> to set as default calendar

Custom Calenda 2) Settings 3) Alerts 4) Export Economic Calendars

Region North America Country United States Type Energy / Commodities   
 Date 08/04/09 05:18:16 United States: Energy / Commodities

	Date	Time	A M	Event	Period	Survey	Actual	Prior	Revised
35)	08/04	15:30		API U.S. Crude Oil Inventories	JUL 31	-	-	4067K	-
36)	08/04	15:30		API U.S. Gasoline Inventories	JUL 31	-	-	-47K	-
37)	08/04	15:30		API U.S. Distillate Inventory	JUL 31	-	-	116K	-
38)	08/05	09:30		DOE U.S. Crude Oil Inventories	JUL 31	1150K	-	5152K	-
39)	08/05	09:30		DOE U.S. Gasoline Inventories	JUL 31	-1250K	-	-2315K	-
40)	08/05	09:30		DOE U.S. Distillate Inventory	JUL 31	1150K	-	2108K	-
41)	08/05	09:30		DOE U.S. Heat Oil Inventories	JUL 31	-	-	270K	-
42)	08/05	09:30		DOE U.S. Refinery Utilization	JUL 31	-0.23%	-	-1.27%	-
43)	08/05	09:30		DOE Cushing OK Crude Inventory	JUL 31	-	-	1310K	-
44)	08/05	09:30		DOE No.2 Heat Oil Inventories	JUL 31	-	-	46431K	-
45)	08/05	09:30		DOE Crude Oil Implied Demand	JUL 31	-	-	14395	-
46)	08/05	09:30		DOE Gasoline Implied Demand	JUL 31	-	-	9326.0	-
47)	08/05	09:30		DOE Distillate Implied Demand	JUL 31	-	-	3940.0	-
48)	08/06	09:30		EIA Natural Gas Storage Change	JUL 31	-	-	71	-
49)	08/07	12:00		Baker Hughes U.S. Rig Count	AUG 7	-	-	948	-
50)	08/11			DOE Short-Term Crude Outlook	AUG	-	-	72.42	-
51)	08/11			DOE Short-Term Diesel Outlook	AUG	-	-	2.79	-
52)	08/11			DOE Short-Term Ht Oil Outlook	AUG	-	-	2.80	-
53)	08/11			DOE Short-Term NatGas Outlook	AUG	-	-	11.63	-

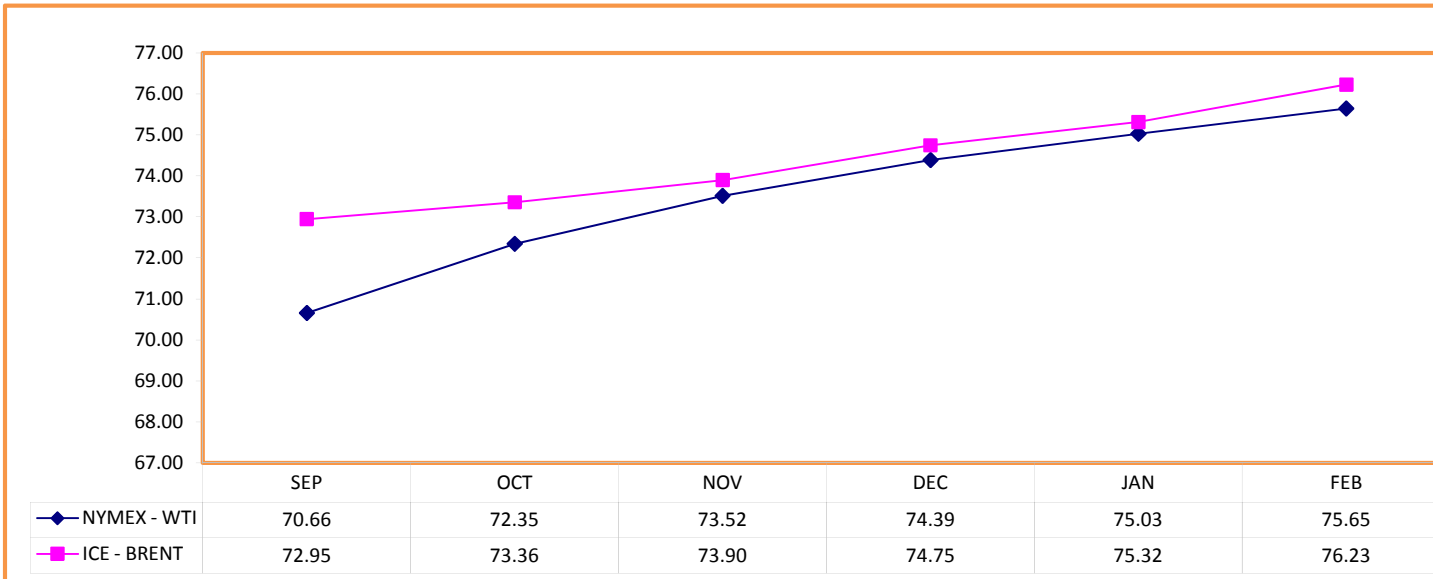
Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000  
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2009 Bloomberg Finance L.P.  
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**NYMEX - WTI**

	Last	Yest. Open Int	Yest. Volume	Today's Volume	Contract Month
F.CLAU09	70.66	na	296,143	18,384	SEP
F.CLAV09	72.35	na	108,863	5,380	OCT
F.CLAX09	73.52	na	51,799	1,528	NOV
F.CLAZ09	74.39	na	66,852	1,816	DEC
F.CLAF10	75.03	na	15,656	160	JAN
F.CLAG10	75.65	na	8,346	75	FEB

**ICE - BRENT**

	Last	Yest. Open Int	Yest. Volume	Today's Volume	Contract Month
F.QOU09	72.95	0	112,158	18,424	SEP
F.QOV09	73.36	0	72,075	12,314	OCT
F.QOX09	73.90	0	32,681	4,408	NOV
F.QOZ09	74.75	0	36,221	4,445	DEC
F.QOF10	75.32	0	6,277	1,163	JAN
F.QOG10	76.23	0	2,919	417	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.