

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

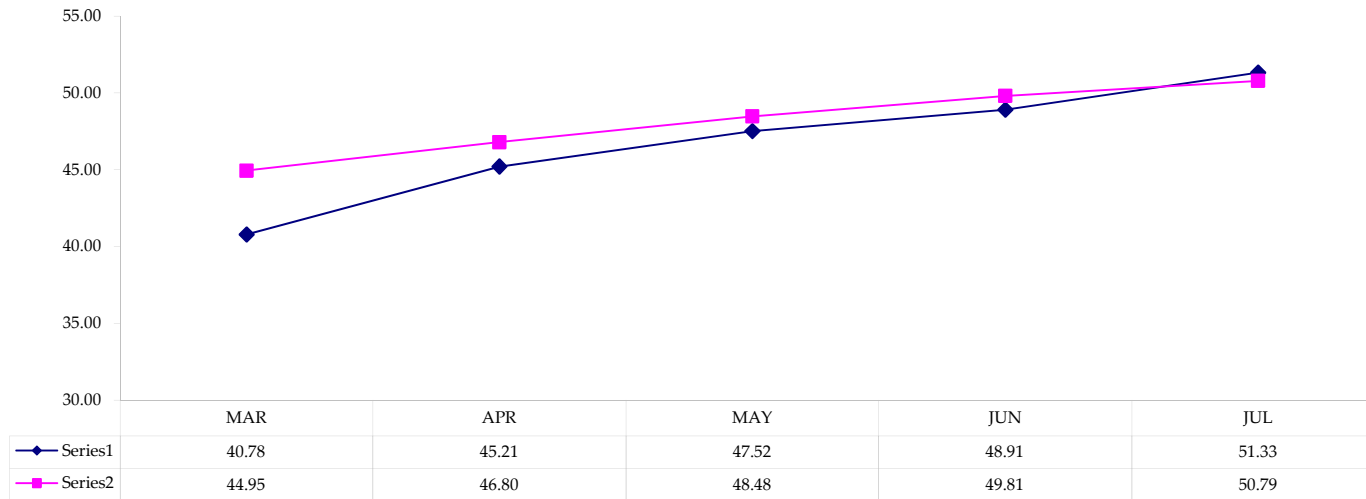
NYMEX	Last	NET	High	Low	Open	Volume	Yest. Vol	SYM Name
CLA	40.78	-0.9	42.31	40.26	41.75	13,106	427,447	WTI Crude
HOA	140.7100	-2.6900	144	138	143.4	973	81,300	Heating Oil
RBA	124.1	-2.77	127.69	123.1	126.9	634	87,028	Unleaded Gas
NGA	43.05	-1.1200	43.45	42.9	43.15	992	116,073	Natural Gas

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.CLAH09	40.78	0.00	237,726	9,903	MAR	F.QOH09	44.95	0	101,559	16,801	MAR
F.CLAJ09	45.21				APR	F.QOJ09	46.80				APR
F.CLAK09	47.52	0.00	24,754	718	MAY	F.QOK09	48.48	0	28,566	2,933	MAY
F.CLAM09	48.91	0.00	27,907	204	JUN	F.QOM09	49.81	0		1,334	JUN
F.CLAN09	51.33	0.00	10,253	35	JUL	F.QON09	50.79	0	6,214	259	JUL
F.CLAQ09	51.80	0.00	6,271	5	AUG	F.QOQ09	51.58	0	3,913	116	AUG
F.CLAU09	52.00	0.00	3,304	5	SEP	F.QOU09	52.32	0	3,953	117	SEP
F.CLAV09	53.95	0.00	3,025	0	OCT	F.QOV09	52.97	0	2,766	129	OCT
F.CLAX09	54.45	0.00	3,002	0	NOV	F.QOX09	53.54	0	2,140	195	NOV



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.