

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

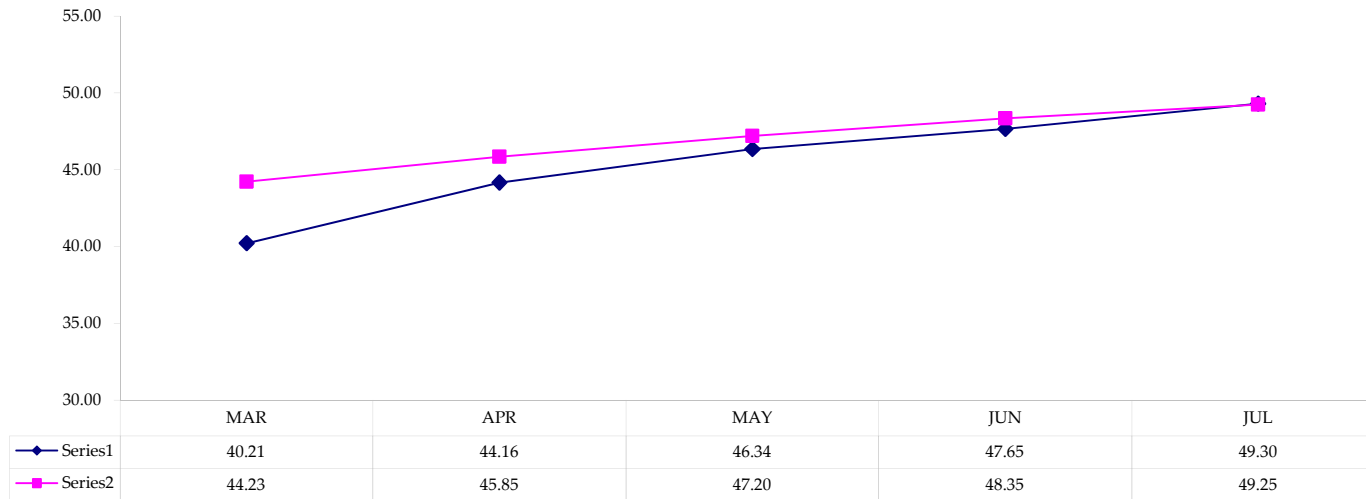
NYMEX	Last	NET	High	Low	Open	Volume	Yest. Vol	SYM Name
CLA	40.21	0.13	40.87	40.01	40.28	16,156	497,610	WTI Crude
HOA	134.6500	0.4100	136	131.35	131.35	800	64,518	Heating Oil
RBA	114.92	0	117.05	114.38	117.05	1,014	76,808	Unleaded Gas
NGA	45.34	-0.2300	46.24	45.2	45.9	560	142,214	Natural Gas

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.CLAH09	40.21	0.00	234,981	10,797	MAR	F.QOH09	44.23	0	89,023	18,033	MAR
F.CLAJ09	44.16				APR	F.QOJ09	45.85				APR
F.CLAK09	46.34	0.00	31,525	1,225	MAY	F.QOK09	47.20	0	24,775	10,566	MAY
F.CLAM09	47.65	0.00	27,099	1,412	JUN	F.QOM09	48.35	0		5,695	JUN
F.CLAN09	49.30	0.00	9,166	201	JUL	F.QON09	49.25	0	3,226	1,732	JUL
F.CLAQ09	50.16	0.00	4,280	113	AUG	F.QOQ09	50.13	0	2,398	930	AUG
F.CLAU09	50.76	0.00	2,701	55	SEP	F.QOU09	50.97	0	1,764	459	SEP
F.CLAV09	52.00	0.00	2,123	36	OCT	F.QOV09	51.62	0	1,168	245	OCT
F.CLAX09	52.42	0.00	1,881	38	NOV	F.QOX09	52.20	0	1,136	183	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.