

The Morning Email: Oil

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Want something added? Let me know: jgoulding@ghco.com

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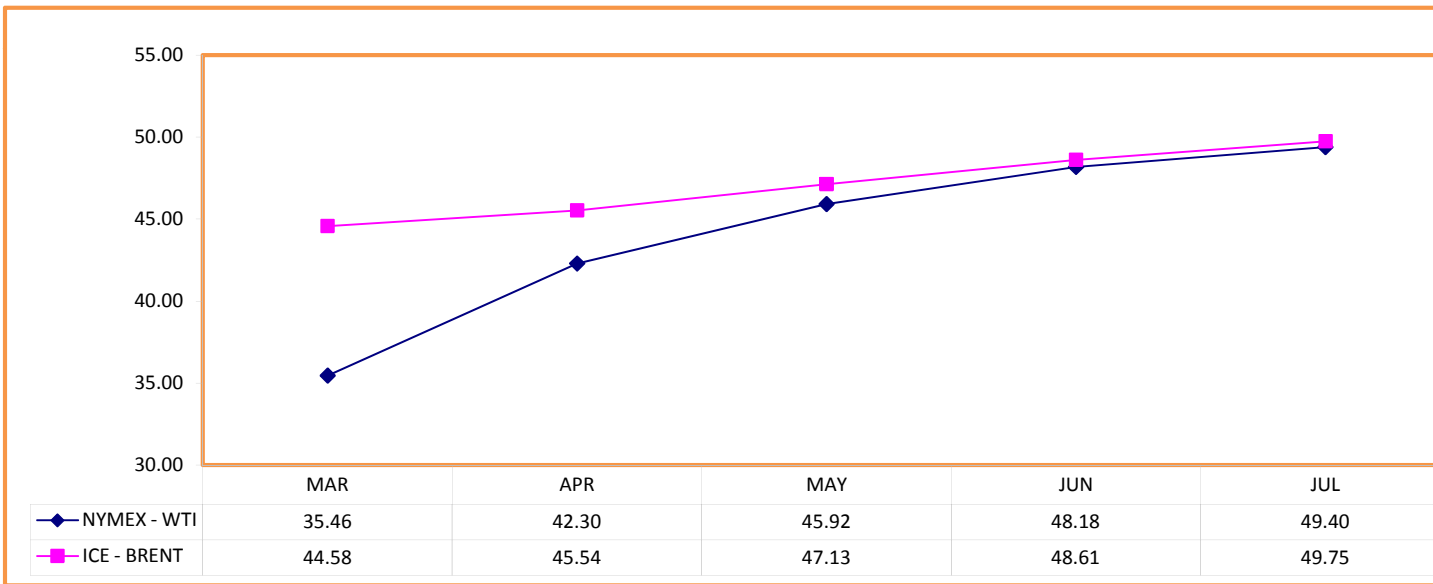
ENERGY MATRIX - NYMEX PRODUCTS

NYMEX	Last	NET	High	Low	Open	Volume	Yest. Vol	SYM Name
CLA	35.46	-0.48	36.25	35.18	35.92	22,882	591,796	WTI Crude
HOA	131.5200	-0.1200	133.1	130.55	132.4	1,322	98,239	Heating Oil
RBA	129.26	2.28	129.57	127.67	128.5	2,013	140,620	Unleaded Gas
NGA	45.65	0.3300	46.31	45.59	45.97	1,125	208,200	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.

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	35.46	0.00	260,638	MAR	F.QOH09	44.58	34,678	86,272	MAR		
F.CLAJ09	42.30			APR	F.QOJ09	45.54			APR		
F.CLAK09	45.92	0.00	66,687	MAY	F.QOK09	47.13	119,453	78,975	MAY		
F.CLAM09	48.18	0.00	38,529	JUN	F.QOM09	48.61	52,963		JUN		
F.CLAN09	49.40	0.00	13,592	JUL	F.QON09	49.75	21,601	7,694	JUL		
F.CLAQ09	50.67	0.00	6,107	AUG	F.QOQ09	50.66	16,625	3,380	AUG		
F.CLAU09	50.95	0.00	4,672	SEP	F.QOU09	51.49	15,013	2,926	SEP		
F.CLAV09	52.36	0.00	3,174	OCT	F.QOV09	52.23	12,339	2,272	OCT		
F.CLAX09	53.09	0.00	2,288	NOV	F.QOX09	52.94	13,258	2,166	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.