

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

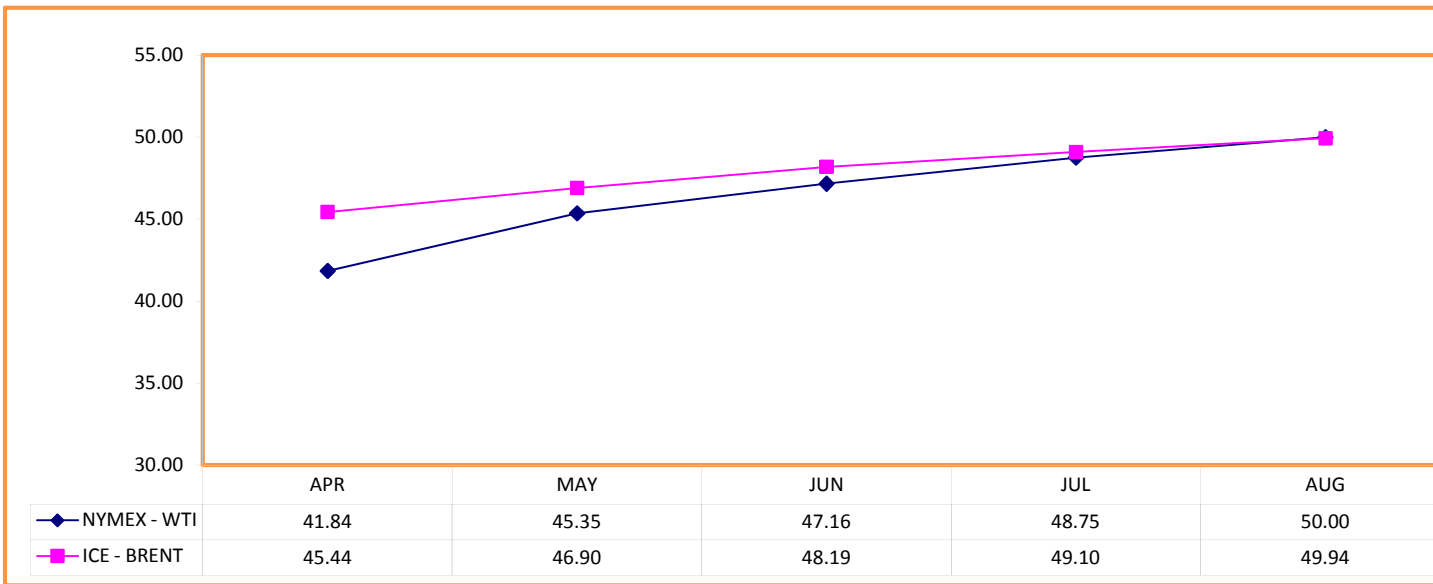
NYMEX	Last	NET	High	Low	Open	Volume	Yest. Vol	SYM Name
CLA	33.99	0.01	34.94	33.89	34.36	14,757	665,038	WTI Crude
HOA	131.7500	-0.4300	133.4	131.75	133.3	1,773	93,551	Heating Oil
RBA	124.33	-1.5	126.25	124.15	126.2	1,328	102,301	Unleaded Gas
NGA	44.82	-0.0300	45.2	44.82	45.07	1,231	212,114	Natural Gas

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	33.99	0.00	277,847	8,888	MAR	F.QOH09	EXPIRED				
F.CLAJ09	41.84				APR	F.QOJ09	45.44			APR	
F.CLAK09	45.35	0.00	73,441	2,898	MAY	F.QOK09	46.90	129,832	71,705	13,246	MAY
F.CLAM09	47.16	0.00	42,693	1,387	JUN	F.QOM09	48.19	55,578		3,670	JUN
F.CLAN09	48.75	0.00	15,511	372	JUL	F.QON09	49.10	21,812	6,446	698	JUL
F.CLAQ09	50.00	0.00	7,711	276	AUG	F.QOQ09	49.94	16,747	3,964	380	AUG
F.CLAU09	51.62	0.00	5,920	316	SEP	F.QOU09	50.72	15,186	3,148	350	SEP
F.CLAV09	52.37	0.00	6,359	105	OCT	F.QOV09	51.55	12,371	2,750	201	OCT
F.CLAX09	53.05	0.00	4,183	67	NOV	F.QOX09	52.26	13,294	2,528	226	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.