

## The Morning Email: Oil

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Want something added? Let me know: [jgoulding@ghco.com](mailto:jgoulding@ghco.com)

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## ENERGY MATRIX - NYMEX PRODUCTS

NYMEX	Last	NET	High	Low	Open	Volume	Yest. Vol	SYM Name
<b>CLA</b>	38.65	0.11	38.89	38.04	38.32	18,021	568,438	WTI Crude
<b>HOA</b>	119.67	1.03	119.98	117.21	118.47	1,544	89,045	Heating Oil
<b>RBA</b>	112.14	0.96	112.45	110	110	1,713	87,300	Unleaded Gas
<b>NGA</b>	41.51	-0.52	41.84	41.4	41.84	1,042	129,499	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. ComdtyECO  
 9<GO> to restore original defaults

1) Custom Calendars 2) Options 3) Alerts Economic Calendars

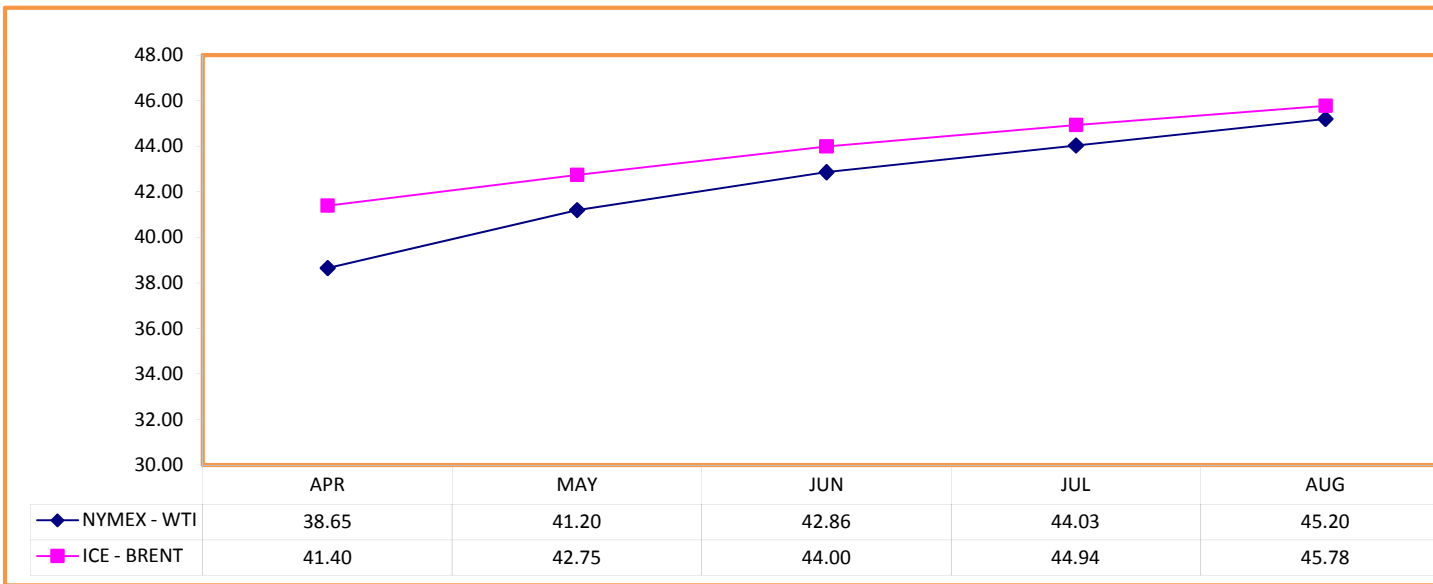
Region North America Country United States Type Energy / Commodities   
 Date 02/18/09 05:27:32 United States: Energy / Commodities

	Date	Time A M	Event	Period	Survey	Actual	Prior	Revised
22)	02/18	15:30	API U.S. Crude Oil Inventories	FEB 13	-	-	-1996K	-
23)	02/18	15:30	API U.S. Gasoline Inventories	FEB 13	-	-	-2923K	-
24)	02/18	15:30	API U.S. Distillate Inventory	FEB 13	-	-	853K	-
25)	02/19	09:30	EIA Natural Gas Storage Change	FEB 13	-47	-	-159	-
26)	02/19	10:00	DOE U.S. Crude Oil Inventories	FEB 13	3200K	-	4717K	-
27)	02/19	10:00	DOE U.S. Gasoline Inventories	FEB 13	-300K	-	-2662K	-
28)	02/19	10:00	DOE U.S. Distillate Inventory	FEB 13	-1500K	-	-1026K	-
29)	02/19	10:00	DOE U.S. Refinery Utilization	FEB 13	-0.50%	-	-1.94%	-
30)	02/19	10:00	DOE Cushing OK Crude Inventory	FEB 13	-	-	581K	-
31)	02/19	10:00	DOE Crude Oil Implied Demand	FEB 13	-	-	14305K	-
32)	02/19	10:00	DOE Gasoline Implied Demand	FEB 13	-	-	9145K	-
33)	02/19	10:00	DOE Distillate Implied Demand	FEB 13	-	-	4435K	-
34)	02/20	12:00	Baker Hughes U.S. Rig Count	FEB 20	-	-	1339	-
35)	02/24	15:30	API U.S. Crude Oil Inventories	FEB 20	-	-	-	-
36)	02/24	15:30	API U.S. Gasoline Inventories	FEB 20	-	-	-	-
37)	02/24	15:30	API U.S. Distillate Inventory	FEB 20	-	-	-	-
38)	02/25	09:30	DOE U.S. Crude Oil Inventories	FEB 20	-	-	-	-
39)	02/25	09:30	DOE U.S. Gasoline Inventories	FEB 20	-	-	-	-
40)	02/25	09:30	DOE U.S. Distillate Inventory	FEB 20	-	-	-	-

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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Spreads - WTI and BRENT

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	35.04	na	121,851	2,989	MAR	F.QOH09	EXPIRED				
F.CLAJ09	38.65	na	199,083	9,327	APR	F.QOJ09	41.40	162,280	96,925	20,141	APR
F.CLAK09	41.20	na	77,368	3,415	MAY	F.QOK09	42.75	133,762	51,352	11,730	MAY
F.CLAM09	42.86	na	49,314	1,290	JUN	F.QOM09	44.00	58,984		5,952	JUN
F.CLAN09	44.03	na	18,553	180	JUL	F.QON09	44.94	22,282	8,167	1,714	JUL
F.CLAQ09	45.20	na	7,709	94	AUG	F.QOQ09	45.78	16,704	3,895	598	AUG
F.CLAU09	46.22	na	7,629	73	SEP	F.QOU09	46.57	15,751	3,341	519	SEP
F.CLAV09	46.98	na	5,302	97	OCT	F.QOV09	47.26	12,217	1,660	432	OCT
F.CLAX09	47.89	na	3,941	89	NOV	F.QOX09	47.95	13,353	1,721	520	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.