

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

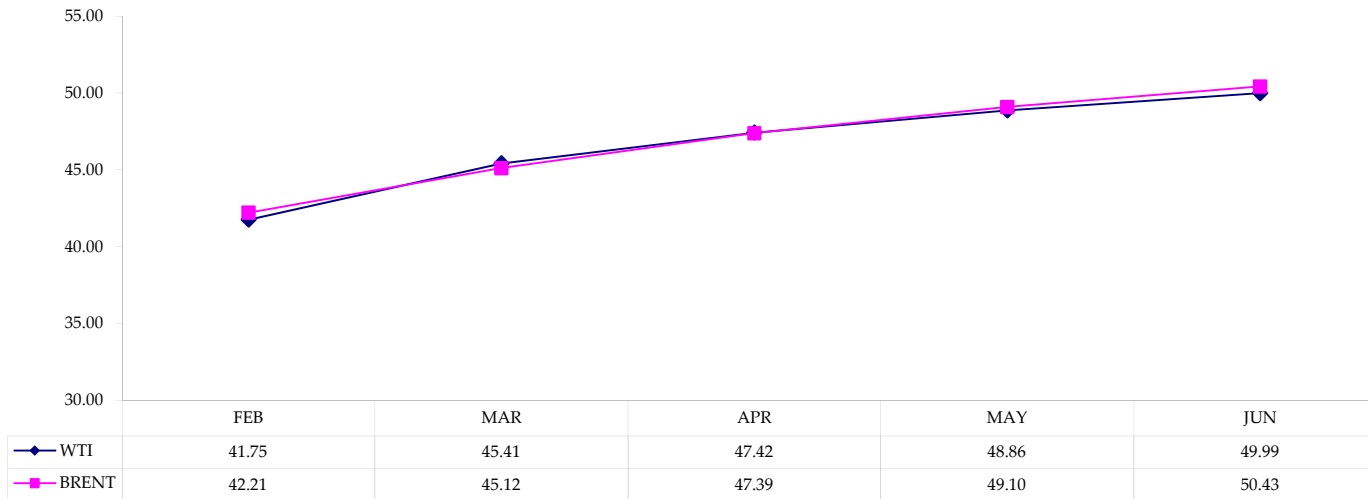
NYMEX	Last	NET	High	Low	Open	Volume	Yest. Vol	SYM Name
CLA	41.75	-2.85	43.72	41.05	43.72	20,369	357,359	WTI Crude
HOA	138.5000	-5.7100	142.6	136.74	142.6	800	56,820	Heating Oil
RBA	99.12	-7.08	104	98.3	104	1,191	58,654	Unleaded Gas
NGA	56.49	0.2700	56.6	55.03	55.5	875	72,549	Natural Gas

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		
	Open Int	Volume	Volume	Month		Open Int	Volume	Volume	Month		
F.CLAG09	41.75	0.00	161,887	15,674	FEB	F.QOG09	42.21	109,349	72,060	19,421	FEB
F.CLAH09	45.41	0.00	66,744	4,654	MAR	F.QOH09	45.12	138,062	51,090	14,337	MAR
F.CLAJ09	47.42	0.00	161,887	15,674	APR	F.QOJ09	47.39	109,349	72,060	19,421	APR
F.CLAK09	48.86	0.00	15,854	410	MAY	F.QOK9	49.10	19,933	7,722	1,835	MAY
F.CLAM09	49.99	0.00	21,769	146	JUN	F.QOM9	50.43	40,539	72,060	2,264	JUN
F.CLAN09	51.23	0.00	6,988	28	JUL	F.QON09	52.06	19,105	2,243	722	JUL
F.CLAQ09	53.72	0.00	2,479	9	AUG	F.QOQ09	53.13	10,926	957	127	AUG
F.CLAU09	56.10	0.00	1,028	16	SEP	F.QOU09	54.13	14,251	731	95	SEP
F.CLAV09	57.30	0.00	1,169	83	OCT	F.QOV09	57.75	9,195	549	108	OCT
F.CLAX09	57.26	0.00	1,204	53	NOV	F.QOX09	58.85	11,365	289	129	NOV
F.CLAZ09	55.47	0.00	8,133	186	DEC	F.QOZ09	56.42	50,891	5,532	494	DEC



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.