

## The Morning Email: Oil

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## ENERGY MATRIX - NYMEX PRODUCTS

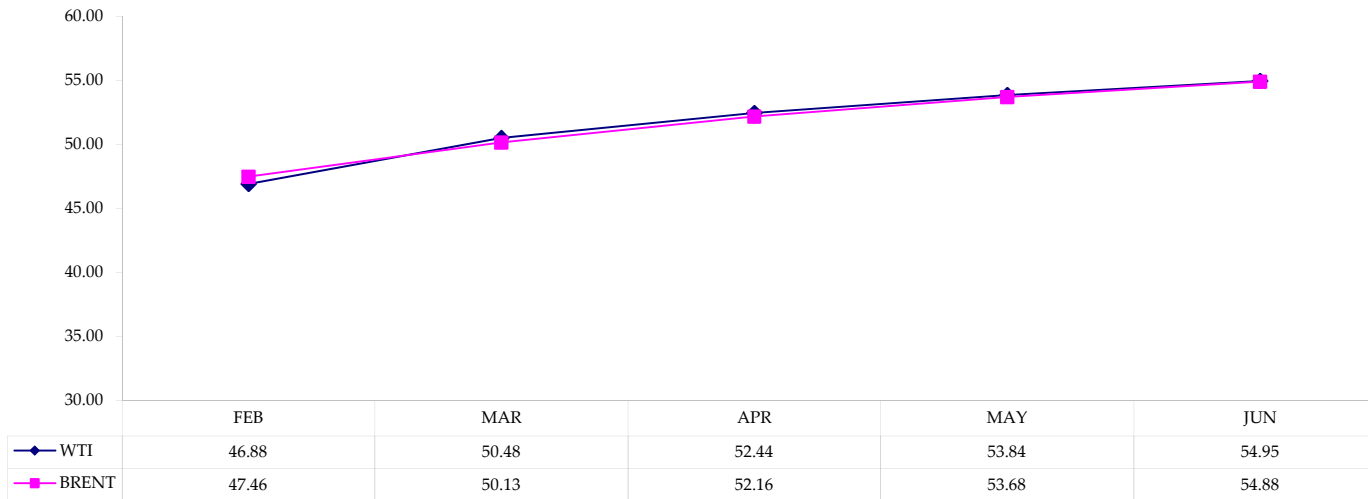
NYMEX	Last	NET	High	Low	Open	Volume	Yest. Vol	SYM Name
CLA	46.88	0.54	48.68	46.15	47.04	22,705	303,667	WTI Crude
HOA	149.5200	1.4900	152.25	148	148.4	1,316	44,130	Heating Oil
RBA	113.4	2.35	115.7	111.6	111.6	1,063	38,991	Unleaded Gas
NGA	60.15	0.4400	60.26	59.04	59.3	735	83,127	Natural Gas

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.CLAG09	46.88	0.00	184,679	19,272	FEB	F.QOG09	47.46	101,208	79,290	22,497	FEB
F.CLAH09	50.48	0.00	54,439	4,865	MAR	F.QOH09	50.13	143,229	49,285	17,982	MAR
F.CLAJ09	52.44	0.00	184,679	19,272	APR	F.QOJ09	52.16	101,208	79,290	22,497	APR
F.CLAK09	53.84	0.00	8,055	918	MAY	F.QOK9	53.68	20,196	7,703	3,192	MAY
F.CLAM09	54.95	0.00	13,451	782	JUN	F.QOM9	54.88	38,028	79,290	3,203	JUN
F.CLAN09	56.85	0.00	9,075	276	JUL	F.QON09	55.93	18,781	1,867	1,401	JUL
F.CLAQ09	56.88	0.00	1,919	229	AUG	F.QOQ09	56.90	10,716	730	1,095	AUG
F.CLAU09	57.75	0.00	1,459	264	SEP	F.QOU09	57.81	14,173	533	1,215	SEP
F.CLAV09	58.46	0.00	1,438	200	OCT	F.QOV09	58.77	9,003	507	645	OCT
F.CLAX09	59.02	0.00	1,105	182	NOV	F.QOX09	58.85	11,329	632	321	NOV
F.CLAZ09	59.79	0.00	8,734	403	DEC	F.QOZ09	60.17	50,858	3,936	1,540	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.