

## 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>	41.28	0.44	41.93	40.24	40.91	16,445	690,733	WTI Crude
<b>HOA</b>	137.9500	0.3700	139.44	136.26	138.1	1,241	110,507	Heating Oil
<b>RBA</b>	117.23	-0.03	118.98	115.9	116.99	1,712	93,131	Unleaded Gas
<b>NGA</b>	46.65	0.2300	47.4	46.21	47.12	1,058	86,551	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. P060 n Corp ECO  
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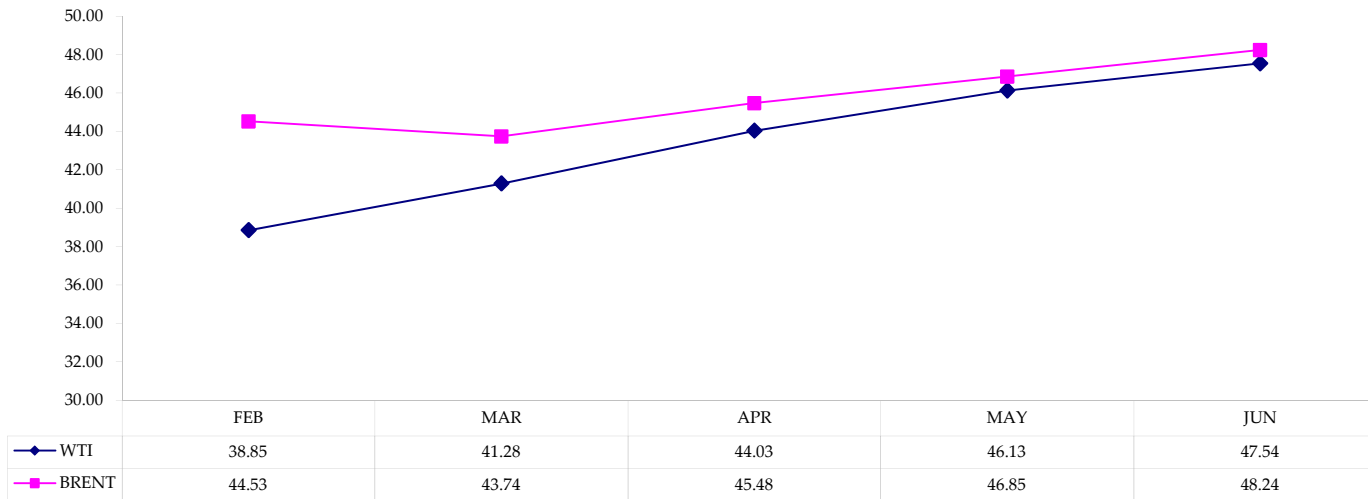
1) Custom Calendars 2) Options 3) Ale Economic Calendars

Region North America Country United States Type Energy / Commodities   
 Date 01/21/09 05:22:19 United States: Energy / Commodities

	Date	Time	A M	Event	Period	Survey	Actual	Prior	Revised
24)	01/21	13:00	☒	Spending Pulse Gas Demand	JAN 16	--	--	8.96	--
25)	01/22	10:00	☒	DOE U.S. Crude Oil Inventories	JAN 16	1500K	--	1144K	--
26)	01/22	10:00	☒	DOE U.S. Gasoline Inventories	JAN 16	2250K	--	2068K	--
27)	01/22	10:00	☒	DOE U.S. Distillate Inventory	JAN 16	-1000K	--	6346K	--
28)	01/22	10:00	☒	DOE U.S. Refinery Utilization	JAN 16	-0.50%	--	0.66%	--
29)	01/22	10:00	☒	DOE Cushing OK Crude Inventory	JAN 16	--	--	798K	--
30)	01/22	10:00	☒	API U.S. Crude Oil Inventories	JAN 16	--	--	658K	--
31)	01/22	10:00	☒	API U.S. Gasoline Inventories	JAN 16	--	--	3642K	--
32)	01/22	10:00	☒	API U.S. Distillate Inventory	JAN 16	--	--	418K	--
33)	01/22	10:00	☒	DOE Crude Oil Implied Demand	JAN 16	--	--	14483.0	--
34)	01/22	10:00	☒	DOE Gasoline Implied Demand	JAN 16	--	--	8897.0	--
35)	01/22	10:00	☒	DOE Distillate Implied Demand	JAN 16	--	--	3974.0	--
36)	01/23	09:30	☒	EIA Natural Gas Storage Change	JAN 16	-171	--	--	--
37)	01/23	12:00	☒	Baker Hughes U.S. Rig Count	JAN 23	--	--	1568	--
38)	01/27	13:00	☒	Spending Pulse Gas Demand	JAN 23	--	--	--	--
39)	01/27	15:30	☒	API U.S. Crude Oil Inventories	JAN 23	--	--	--	--
40)	01/27	15:30	☒	API U.S. Gasoline Inventories	JAN 23	--	--	--	--
41)	01/27	15:30	☒	API U.S. Distillate Inventory	JAN 23	--	--	--	--
42)	01/28	09:30	☒	DOE U.S. Crude Oil Inventories	JAN 23	--	--	--	--

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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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.CLAG09	38.85	0.00	28,687	0	FEB	F.QOG09	44.53				
F.CLAH09	41.28	0.00	361,818	19,431	MAR	F.QOH09	43.74	148,708	148,687		
F.CLAJ09	44.03	0.00	28,687	0	APR	F.QOJ09	45.48				
F.CLAK09	46.13	0.00	46,151	2,522	MAY	F.QOK9	46.85	43,259	34,615		
F.CLAM09	47.54	0.00	39,103	1,610	JUN	F.QOM9	48.24	48,563			
F.CLAN09	48.65	0.00	17,440	523	JUL	F.QON09	49.35	20,629	7,502		
F.CLAQ09	50.66	0.00	9,139	229	AUG	F.QOQ09	50.13	16,063	4,554		
F.CLAU09	51.33	0.00	5,669	75	SEP	F.QOU09	50.93	14,301	3,653		
F.CLAV09	52.29	0.00	4,500	78	OCT	F.QOV09	51.69	10,592	2,709		
F.CLAX09	53.13	0.00	4,790	46	NOV	F.QOX09	52.45	11,858	3,805		
F.CLAZ09	53.25	0.00	23,686	309	DEC	F.QOZ09	53.54	59,157	17,006		



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.