

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	44.1	0.55	45.1	43.42	44.21	21,429	492,413	WTI Crude
HOA	137.9200	-0.1000	140.56	137.5	138.39	584	78,454	Heating Oil
RBA	119.11	-0.87	121.7	119	120	1,891	81,865	Unleaded Gas
NGA	47.39	-0.4100	48.3	47.31	48.3	553	110,947	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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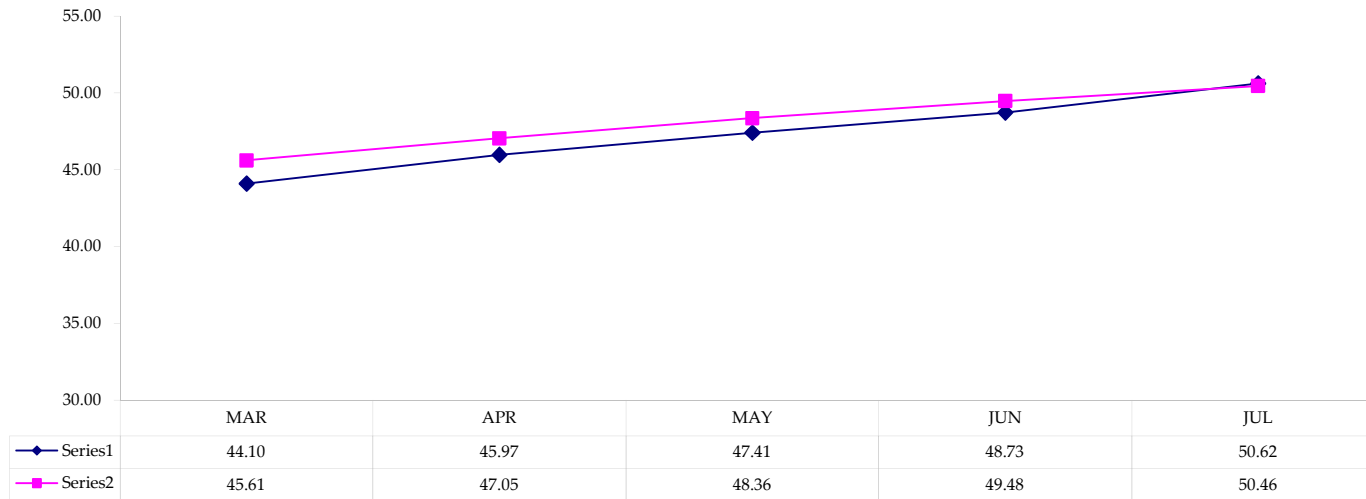
1) Custom Calendars 2) Options 3) Ale Economic Calendars

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.CLAH09	44.10	0.00	251,930	19,275	MAR	F.QOH09	45.61	149,651	97,812	31,295	MAR
F.CLAJ09	45.97				APR	F.QOJ09	47.05				APR
F.CLAK09	47.41	0.00	37,340	2,088	MAY	F.QOK09	48.36	46,482	31,390	9,931	MAY
F.CLAM09	48.73	0.00	33,188	1,085	JUN	F.QOM09	49.48	48,355		6,532	JUN
F.CLAN09	50.62	0.00	11,810	512	JUL	F.QON09	50.46	20,955	8,089	1,889	JUL
F.CLAQ09	51.50	0.00	5,332	157	AUG	F.QOQ09	51.22	15,450	5,887	1,159	AUG
F.CLAU09	51.77	0.00	3,832	265	SEP	F.QOU09	52.01	13,112	5,276	647	SEP
F.CLAV09	52.55	0.00	3,165	81	OCT	F.QOV09	52.68	11,238	4,048	761	OCT
F.CLAX09	53.38	0.00	3,163	89	NOV	F.QOX09	53.28	11,713	4,340	498	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.