

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	46.64	0.17	47.05	45.25	46.05	25,713	468,915	WTI Crude
HOA	144.0600	-0.4300	145.5	141	144	1,581	86,068	Heating Oil
RBA	118.16	-0.11	119.15	116.14	118	943	77,430	Unleaded Gas
NGA	44.22	-0.9600	44.62	43.77	44.4	1,900	133,014	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

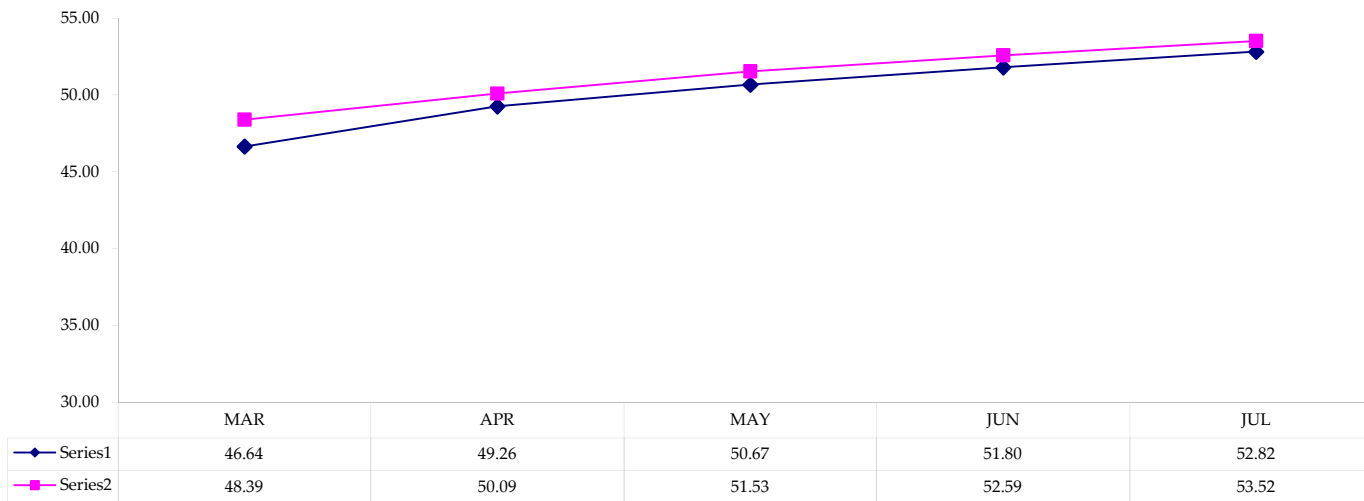
<HELP> for explanation. N310 n Corp ECO
 Screen Printed

1) Custom Calendars		2) Options		Economic Calendars			
Region	North America	Country	United States	Type	Energy / Commodities		
Date	01/23/09		05:25:06	United States: Energy / Commodities			
Date	Time A M	Event	Period	Survey	Actual	Prior	Revised
25)	01/23 08:00	Schlumberger Executives Review Results: Teleconf.					
26)	01/23 09:30	<input checked="" type="checkbox"/> EIA Natural Gas Storage Change	JAN 16	-175	--	--	--
27)	01/23 12:00	<input checked="" type="checkbox"/> Baker Hughes U.S. Rig Count	JAN 23	--	--	1568	--
28)	01/27 15:30	<input checked="" type="checkbox"/> API U.S. Crude Oil Inventories	JAN 23	--	--	--	--
29)	01/27 15:30	<input checked="" type="checkbox"/> API U.S. Gasoline Inventories	JAN 23	--	--	--	--
30)	01/27 15:30	<input checked="" type="checkbox"/> API U.S. Distillate Inventory	JAN 23	--	--	--	--
31)	01/28 09:30	<input checked="" type="checkbox"/> DOE U.S. Crude Oil Inventories	JAN 23	--	--	--	--
32)	01/28 09:30	<input checked="" type="checkbox"/> DOE U.S. Gasoline Inventories	JAN 23	--	--	--	--
33)	01/28 09:30	<input checked="" type="checkbox"/> DOE U.S. Distillate Inventory	JAN 23	--	--	--	--
34)	01/28 09:30	<input checked="" type="checkbox"/> DOE U.S. Refinery Utilization	JAN 23	--	--	--	--
35)	01/28 09:30	<input checked="" type="checkbox"/> DOE Cushing OK Crude Inventory	JAN 23	--	--	--	--
36)	01/28 09:30	<input checked="" type="checkbox"/> DOE Crude Oil Implied Demand	JAN 23	--	--	--	--
37)	01/28 09:30	<input checked="" type="checkbox"/> DOE Gasoline Implied Demand	JAN 23	--	--	--	--
38)	01/28 09:30	<input checked="" type="checkbox"/> DOE Distillate Implied Demand	JAN 23	--	--	--	--
39)	01/29 09:30	<input checked="" type="checkbox"/> EIA Natural Gas Storage Change	JAN 23	--	--	--	--
40)	01/30 12:00	<input checked="" type="checkbox"/> Baker Hughes U.S. Rig Count	JAN 30	--	--	--	--
41)	02/03 15:30	<input checked="" type="checkbox"/> API U.S. Crude Oil Inventories	JAN 30	--	--	--	--
42)	02/03 15:30	<input checked="" type="checkbox"/> API U.S. Gasoline Inventories	JAN 30	--	--	--	--
43)	02/03 15:30	<input checked="" type="checkbox"/> API U.S. Distillate Inventory	JAN 30	--	--	--	--

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						
	Yest.	Yest.	Today's	Contract		Yest.	Yest.	Today's	Contract		
Last	Open Int	Volume	Volume	Month	Last	Open Int	Volume	Volume	Month		
F.CLAH09	46.64	0.00	269,756	16,187	MAR	F.QOH09	48.39	138,883	101,437	16,044	MAR
F.CLAJ09	49.26				APR	F.QOJ09	50.09				APR
F.CLAK09	50.67	0.00	26,414	1,204	MAY	F.QOK09	51.53	49,274	29,237	3,539	MAY
F.CLAM09	51.80	0.00	27,676	1,518	JUN	F.QOM09	52.59	43,848		2,710	JUN
F.CLAN09	52.82	0.00	11,907	776	JUL	F.QON09	53.52	18,943	10,268	981	JUL
F.CLAQ09	52.75	0.00	4,567	132	AUG	F.QOQ09	54.33	14,909	9,235	738	AUG
F.CLAU09	54.68	0.00	4,537	83	SEP	F.QOU09	55.07	12,962	7,128	479	SEP
F.CLAV09	54.70	0.00	4,287	50	OCT	F.QOV09	55.73	11,370	6,139	299	OCT
F.CLAX09	55.32	0.00	4,219	92	NOV	F.QOX09	56.34	12,198	5,166	254	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.