

## 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
CLA	41.35	-0.23	42.45	41.18	41.99	19,778	542,850	WTI Crude
HOA	137.7900	1.2800	138.94	136.87	137.78	948	83,342	Heating Oil
RBA	113.93	0.13	115.55	113.7	113.7	1,668	62,356	Unleaded Gas
NGA	45.22	0.1900	45.55	45.09	45.12	875	121,154	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 ComdtyECO  
 9<GO> to set as default calendar

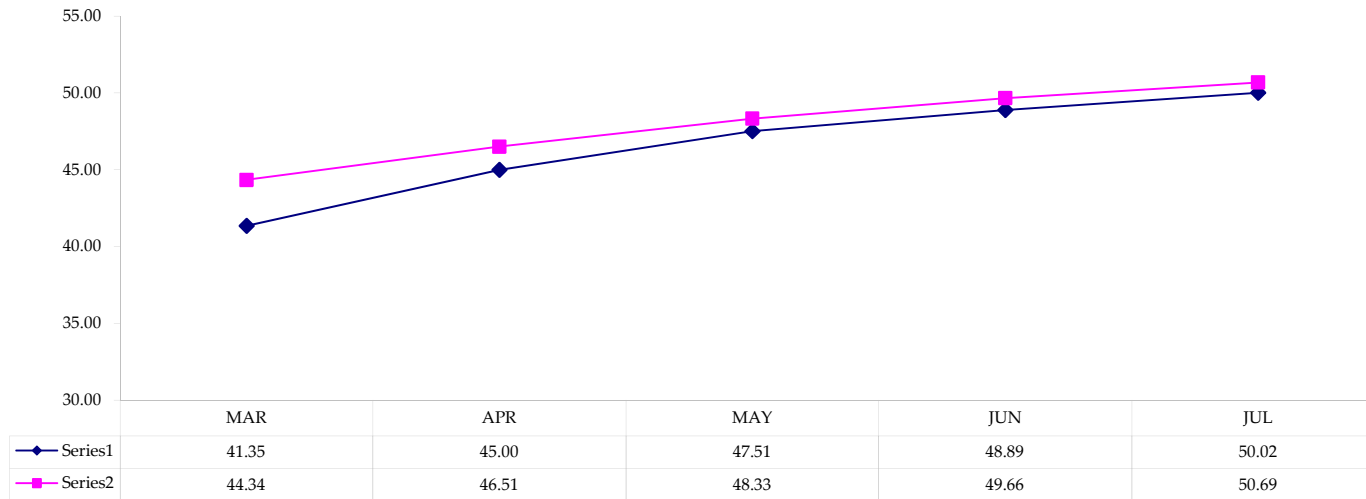
1) Custom Calendars 2) Options Economic Calendars

Region North America Country United States Type Energy / Commodities  
 Date 01/27/09 05:28:06 United States: Energy / Commodities

	Date	Time	A M	Event	Period	Survey	Actual	Prior	Revised
29)	01/27	15:30		API U.S. Crude Oil Inventories	JAN 23	--	--	--	--
30)	01/27	15:30		API U.S. Gasoline Inventories	JAN 23	--	--	--	--
31)	01/27	15:30		API U.S. Distillate Inventory	JAN 23	--	--	--	--
32)	01/28	09:30		DOE U.S. Crude Oil Inventories	JAN 23	2500K	--	--	--
33)	01/28	09:30		DOE U.S. Gasoline Inventories	JAN 23	2200K	--	--	--
34)	01/28	09:30		DOE U.S. Distillate Inventory	JAN 23	-1250K	--	--	--
35)	01/28	09:30		DOE U.S. Refinery Utilization	JAN 23	-0.60%	--	--	--
36)	01/28	09:30		DOE Cushing OK Crude Inventory	JAN 23	--	--	--	--
37)	01/28	09:30		DOE No.2 Heat Oil Inventories	JAN 23	--	--	--	--
38)	01/28	09:30		DOE Crude Oil Implied Demand	JAN 23	--	--	--	--
39)	01/28	09:30		DOE Gasoline Implied Demand	JAN 23	--	--	--	--
40)	01/28	09:30		DOE Distillate Implied Demand	JAN 23	--	--	--	--
41)	01/29	09:30		EIA Natural Gas Storage Change	JAN 23	--	--	-176	--
42)	01/30	12:00		Baker Hughes U.S. Rig Count	JAN 30	--	--	1515	--
43)	02/03	15:30		API U.S. Crude Oil Inventories	JAN 30	--	--	--	--
44)	02/03	15:30		API U.S. Gasoline Inventories	JAN 30	--	--	--	--
45)	02/03	15:30		API U.S. Distillate Inventory	JAN 30	--	--	--	--
46)	02/04	09:30		DOE U.S. Crude Oil Inventories	JAN 30	--	--	--	--
47)	02/04	09:30		DOE U.S. Gasoline Inventories	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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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.CLAH09	41.35	0.00	283,215	16,950	MAR	F.QOH09	44.34	123,842	133,756	26,134	MAR
F.CLAJ09	45.00				APR	F.QOJ09	46.51				APR
F.CLAK09	47.51	0.00	49,030	2,813	MAY	F.QOK09	48.33	60,368	42,621	5,846	MAY
F.CLAM09	48.89	0.00	35,980	2,017	JUN	F.QOM09	49.66	46,673		5,434	JUN
F.CLAN09	50.02	0.00	13,503	725	JUL	F.QON09	50.69	19,992	7,250	2,053	JUL
F.CLAQ09	50.97	0.00	7,750	246	AUG	F.QOQ09	51.53	15,461	5,484	953	AUG
F.CLAU09	51.75	0.00	4,765	357	SEP	F.QOU09	52.38	13,103	3,459	713	SEP
F.CLAV09	52.26	0.00	3,614	109	OCT	F.QOV09	52.99	11,249	2,356	471	OCT
F.CLAX09	53.05	0.00	3,347	66	NOV	F.QOX09	53.62	12,142	2,036	259	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.