

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

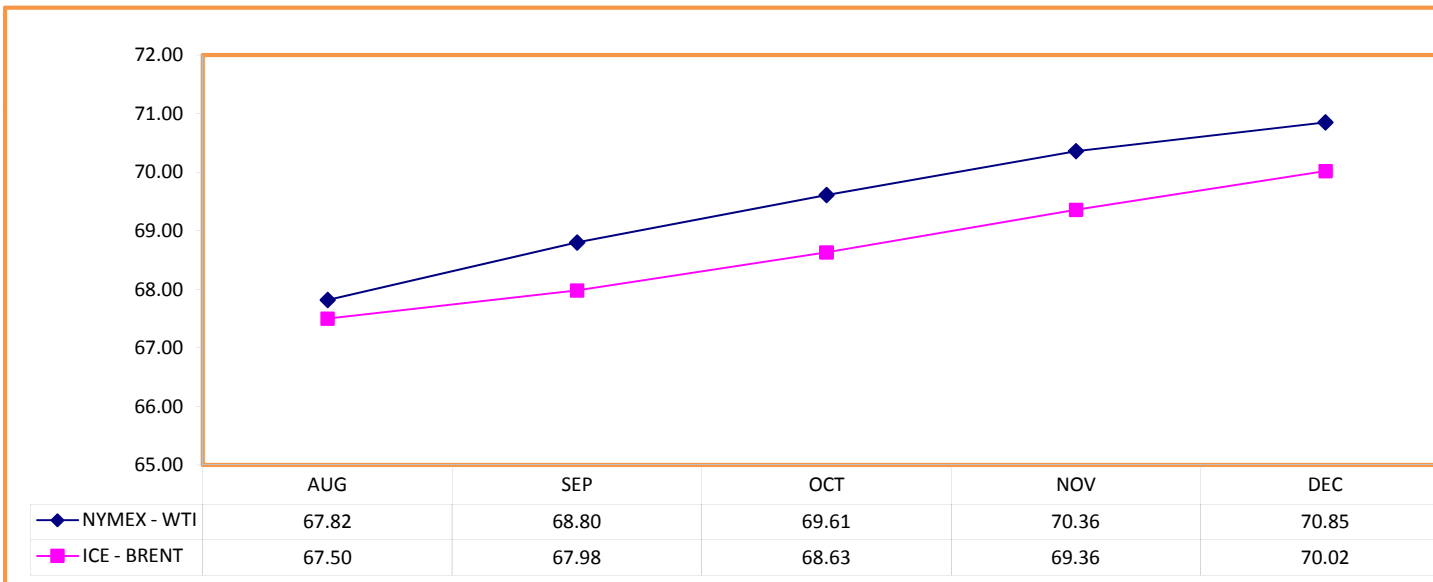
NYMEX	Last	NET	High	Low	Open	Volume	Yest. Vol	SYM Name
CLA	67.82	-1.49	69.74	67.75	69.22	29,131	529,268	WTI Crude
HOA	172.66	-3.91	177	172.6	176.4	1,180	93,458	Heating Oil
RBA	181.6	-4.3	186.96	181.6	185.93	2,136	101,063	Unleaded Gas
NGA	37.31	-0.64	37.95	37.3	37.92	1,833	137,300	Natural Gas

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.CLAQ09	67.82	na	286,373	21,456	AUG	F.QOQ09	67.50	141,817	146,080	42,920	AUG
F.CLAU09	68.80	na	72,093	5,166	SEP	F.QOU09	67.98	137,682	70,624	25,856	SEP
F.CLAV09	69.61	na	24,911	383	OCT	F.QOV09	68.63	62,056	33,971	7,481	OCT
F.CLAX09	70.36	na	13,761	111	NOV	F.QOX09	69.36	28,758	17,334	4,718	NOV
F.CLAZ09	70.85	na	42,455	1,618	DEC	F.QOZ09	70.02	79,819	22,661	5,012	DEC
F.CLAF10	72.80	na	6,747	21	JAN	F.QOF10	71.03	23,403	4,671	889	JAN
F.CLAG10	72.53	na	3,030	8	FEB	F.QOG10	72.02	15,941	2,230	163	FEB



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.