

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	63.84	-2.89	67.17	63.75	66.49	37,327	445,201	WTI Crude
HOA	163.16	-7	170.99	162.9	170.29	1,441	76,824	Heating Oil
RBA	173.04	-6.04	180	172.66	177.98	1,358	77,442	Unleaded Gas
NGA	34.16	-1.99	36.85	34.09	36.4	9,509	157,812	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

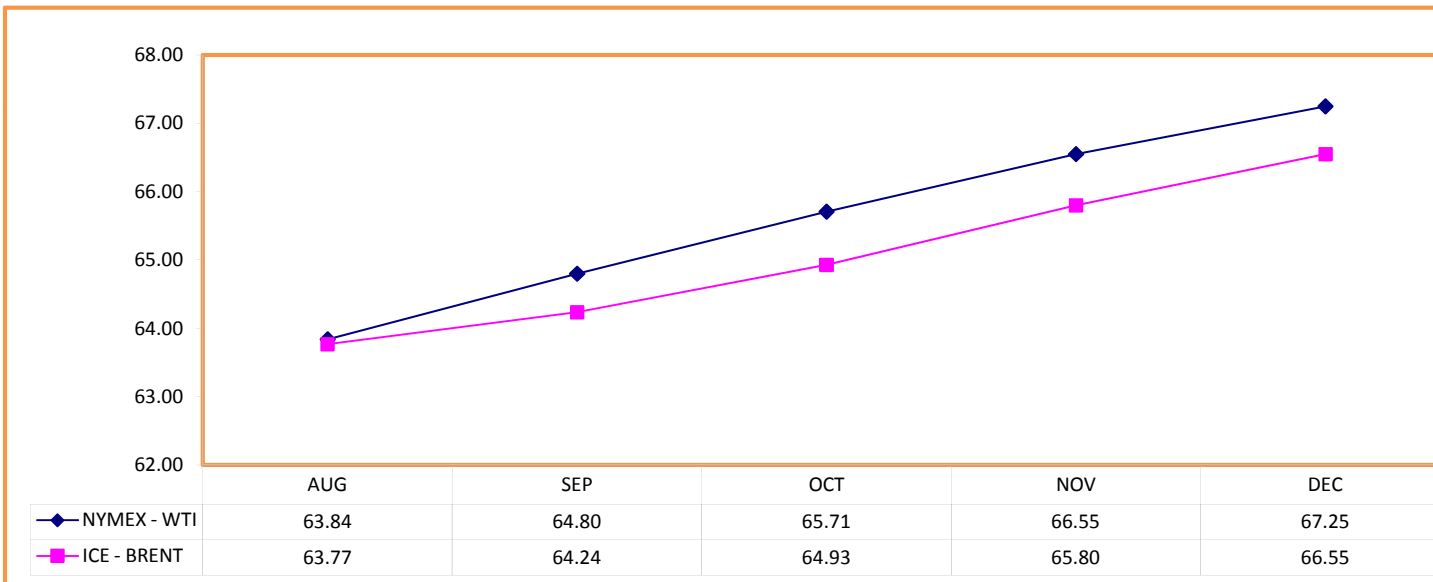
<HELP> for explanation. Index **ECO**
 NO SCHEDULED EVENT FOR TODAY, 9<GO> to set as default calendar

Region Country Type
 Date 05:19:30

	Date	Time	A	M	Event	Period	Survey	Actual	Prior	Revised
26)	07/07	15:30			API U.S. Crude Oil Inventories	JUL 3	--	--	-6817K	--
27)	07/07	15:30			API U.S. Gasoline Inventories	JUL 3	--	--	209K	--
28)	07/07	15:30			API U.S. Distillate Inventory	JUL 3	--	--	723K	--
29)	07/08	09:30			DOE U.S. Crude Oil Inventories	JUL 3	--	--	-3660K	--
30)	07/08	09:30			DOE U.S. Gasoline Inventories	JUL 3	--	--	2333K	--
31)	07/08	09:30			DOE U.S. Distillate Inventory	JUL 3	--	--	2896K	--
32)	07/08	09:30			DOE U.S. Heat Oil Inventories	JUL 3	--	--	2835K	--
33)	07/08	09:30			DOE U.S. Refinery Utilization	JUL 3	--	--	-0.06%	--
34)	07/08	09:30			DOE Cushing OK Crude Inventory	JUL 3	--	--	363K	--
35)	07/08	09:30			DOE No.2 Heat Oil Inventories	JUL 3	--	--	43332K	--
36)	07/08	09:30			DOE Crude Oil Implied Demand	JUL 3	--	--	15049	--
37)	07/08	09:30			DOE Gasoline Implied Demand	JUL 3	--	--	9203.0	--
38)	07/08	09:30			DOE Distillate Implied Demand	JUL 3	--	--	3935.0	--
39)	07/09	09:30			EIA Natural Gas Storage Change	JUL 3	--	--	70	--
40)	07/10	12:00			Baker Hughes U.S. Rig Count	JUL 10	--	--	928	--
41)	07/14				DOE Short-Term Crude Outlook	JUL	--	--	67.42	--
42)	07/14				DOE Short-Term Diesel Outlook	JUL	--	--	2.67	--
43)	07/14				DOE Short-Term Ht Oil Outlook	JUL	--	--	2.66	--
44)	07/14				DOE Short-Term NatGas Outlook	JUL	--	--	11.38	--

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.CLAQ09	63.84	na	243,250	26,011	AUG	F.QOQ09	63.77	124,921	47,660	28,768	AUG
F.CLAU09	64.80	na	72,468	6,441	SEP	F.QOU09	64.24	148,608	31,457	11,866	SEP
F.CLAV09	65.71	na	23,949	2,206	OCT	F.QOV09	64.93	66,548	9,255	6,356	OCT
F.CLAX09	66.55	na	10,843	1,216	NOV	F.QOX09	65.80	30,599	3,777	4,353	NOV
F.CLAZ09	67.25	na	49,141	1,976	DEC	F.QOZ09	66.55	81,217	5,416	4,615	DEC
F.CLAF10	67.90	na	6,868	306	JAN	F.QOF10	67.06	23,201	1,485	625	JAN
F.CLAG10	69.68	na	3,213	109	FEB	F.QOG10	69.71	14,993	1,195	285	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.