

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	64.42	0.37	64.75	63.48	64.19	29,440	490,840	WTI Crude
HOA	163.31	0.65	164.16	161.46	162.51	1,042	83,496	Heating Oil
RBA	175.25	1.21	175.8	172.75	174.73	1,404	62,189	Unleaded Gas
NGA	34.92	0.05	35.2	34.5	35.05	2,049	166,909	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. Corp ECO
 9<G0> to set as default calendar

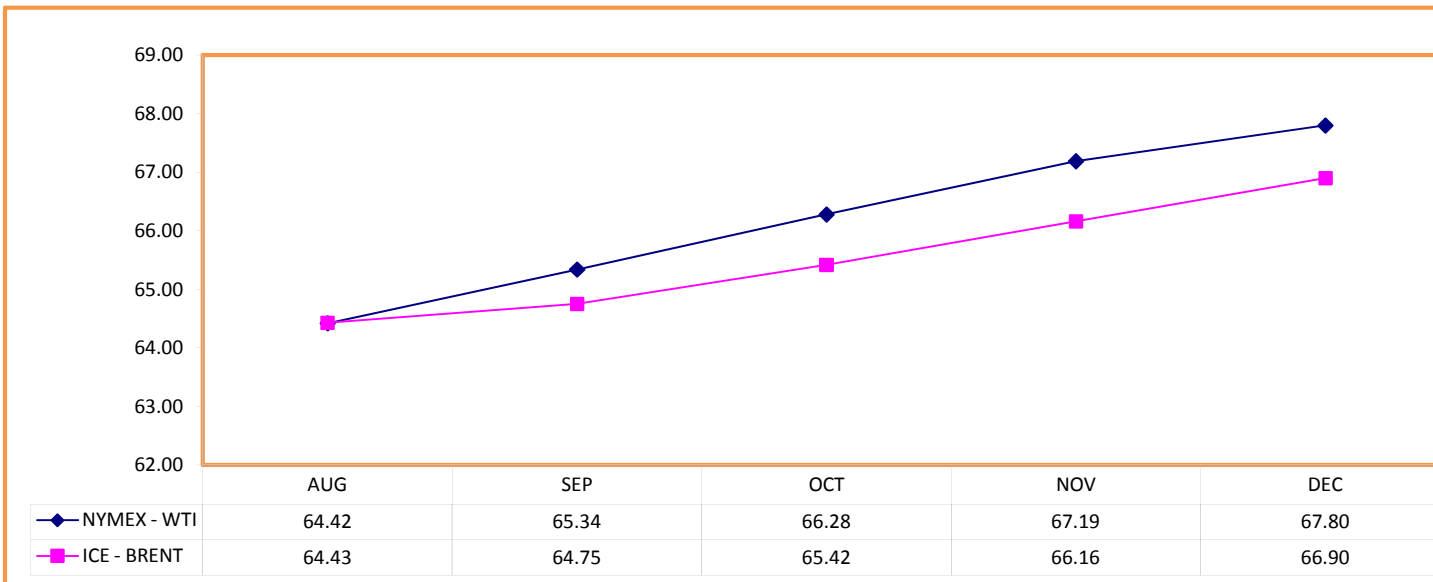
Custom Calenda 2) Settings 3) Alerts 4) Export Economic Calendars

Region North America Country United States Type Energy / Commodities 
 Date 07/07/09 05:19:18 United States: Energy / Commodities

	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	-2900K	--	-3660K	--
30)	07/08	09:30		DOE U.S. Gasoline Inventories	JUL 3	1000K	--	2333K	--
31)	07/08	09:30		DOE U.S. Distillate Inventory	JUL 3	1825K	--	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	0.00%	--	-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	64.42	na	212,143	20,928	AUG	F.QOQ09	64.43	118,305	109,848	33,807	AUG
F.CLAU09	65.34	na	78,321	4,329	SEP	F.QOU09	64.75	159,467	68,838	23,699	SEP
F.CLAV09	66.28	na	28,310	1,453	OCT	F.QOV09	65.42	69,682	30,895	9,504	OCT
F.CLAX09	67.19	na	11,978	499	NOV	F.QOX09	66.16	30,027	15,151	3,545	NOV
F.CLAZ09	67.80	na	36,273	1,583	DEC	F.QOZ09	66.90	81,102	20,844	3,688	DEC
F.CLAF10	68.36	na	4,843	254	JAN	F.QOF10	67.47	23,031	3,884	502	JAN
F.CLAG10	68.75	na	2,470	51	FEB	F.QOG10	67.74	15,000	2,038	185	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.