

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	61.15	1.01	61.47	60.34	60.38	23,580	555,515	WTI Crude
HOA	156.3	2.51	156.58	154.54	154.54	2,774	104,231	Heating Oil
RBA	166.63	3.3	167	164.15	164.9	1,739	115,470	Unleaded Gas
NGA	34.49	0.96	34.49	33.71	33.86	3,381	135,608	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. ComdtyECO
 9<GO> to set as default calendar

1) Custom Calendar 2) Settings 3) Alerts 4) Export Economic Calendars

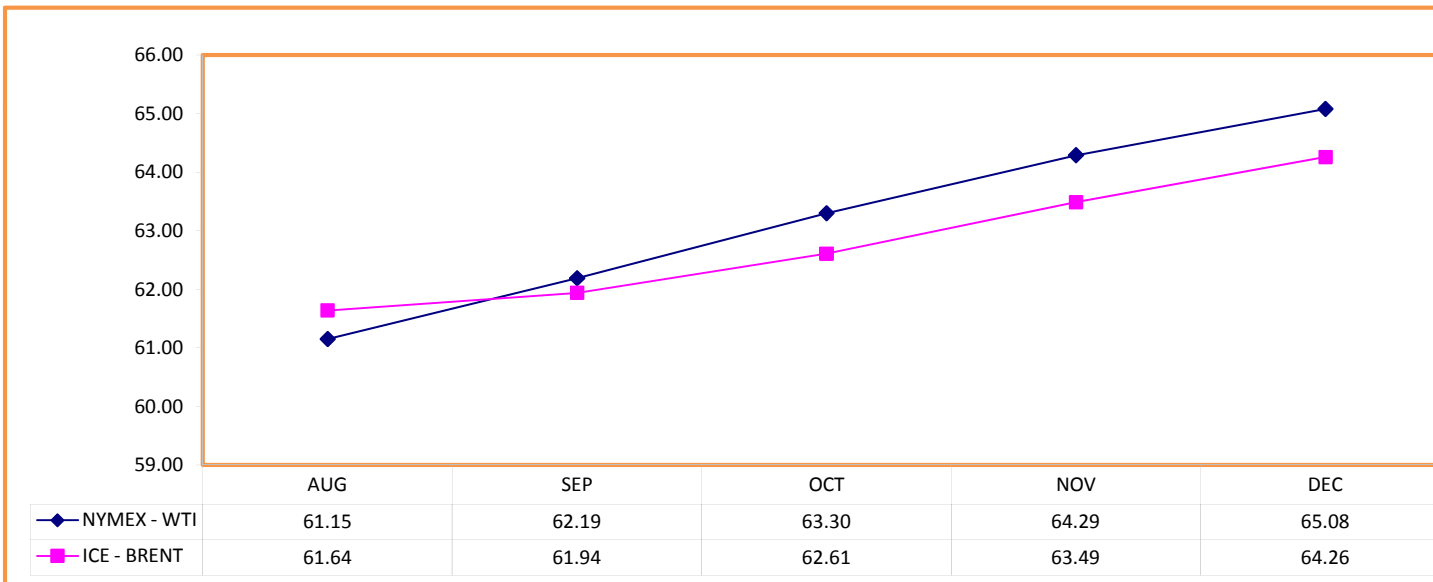
Region North America Country United States Type Energy / Commoditie

Date 07/09/09 05:27:22 United States: Energy / Commodities

	Date	Time	A	M	Event	Period	Survey	Actual	Prior	Revised
27)	07/09	09:30	<input checked="" type="checkbox"/>		EIA Natural Gas Storage Change	JUL 3	85	--	70	--
28)	07/10	12:00	<input checked="" type="checkbox"/>		Baker Hughes U.S. Rig Count	JUL 10	--	--	928	--
29)	07/14		<input checked="" type="checkbox"/>		DOE Short-Term Crude Outlook	JUL	--	--	67.42	--
30)	07/14		<input checked="" type="checkbox"/>		DOE Short-Term Diesel Outlook	JUL	--	--	2.67	--
31)	07/14		<input checked="" type="checkbox"/>		DOE Short-Term Ht Oil Outlook	JUL	--	--	2.66	--
32)	07/14		<input checked="" type="checkbox"/>		DOE Short-Term NatGas Outlook	JUL	--	--	11.38	--
33)	07/14		<input checked="" type="checkbox"/>		DOE Short-Term Mogas Outlook	JUL	--	--	2.56	--
34)	07/14	15:30	<input checked="" type="checkbox"/>		API U.S. Crude Oil Inventories	JUL 10	--	--	-1398K	--
35)	07/14	15:30	<input checked="" type="checkbox"/>		API U.S. Gasoline Inventories	JUL 10	--	--	767K	--
36)	07/14	15:30	<input checked="" type="checkbox"/>		API U.S. Distillate Inventory	JUL 10	--	--	3416K	--
37)	07/15	09:30	<input checked="" type="checkbox"/>		DOE U.S. Crude Oil Inventories	JUL 10	--	--	-2896K	--
38)	07/15	09:30	<input checked="" type="checkbox"/>		DOE U.S. Gasoline Inventories	JUL 10	--	--	1902K	--
39)	07/15	09:30	<input checked="" type="checkbox"/>		DOE U.S. Distillate Inventory	JUL 10	--	--	3739K	--
40)	07/15	09:30	<input checked="" type="checkbox"/>		DOE U.S. Heat Oil Inventories	JUL 10	--	--	1986K	--
41)	07/15	09:30	<input checked="" type="checkbox"/>		DOE U.S. Refinery Utilization	JUL 10	--	--	-0.19%	--
42)	07/15	09:30	<input checked="" type="checkbox"/>		DOE Cushing OK Crude Inventory	JUL 10	--	--	1583K	--
43)	07/15	09:30	<input checked="" type="checkbox"/>		DOE No.2 Heat Oil Inventories	JUL 10	--	--	45318K	--
44)	07/15	09:30	<input checked="" type="checkbox"/>		DOE Crude Oil Implied Demand	JUL 10	--	--	14809	--
45)	07/15	09:30	<input checked="" type="checkbox"/>		DOE Gasoline Implied Demand	JUL 10	--	--	9379.0	--

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	61.15	na	299,276	19,281	AUG	F.QOQ09	61.64	85,027	155,148	23,660	AUG
F.CLAU09	62.19	na	113,374	4,968	SEP	F.QOU09	61.94	152,582	118,492	19,531	SEP
F.CLAV09	63.30	na	34,757	1,620	OCT	F.QOV09	62.61	76,597	50,668	7,022	OCT
F.CLAX09	64.29	na	16,263	508	NOV	F.QOX09	63.49	32,064	23,432	2,734	NOV
F.CLAZ09	65.08	na	43,302	852	DEC	F.QOZ09	64.26	86,252	29,283	4,600	DEC
F.CLAF10	64.72	na	7,330	206	JAN	F.QOF10	65.16	23,139	5,859	1,519	JAN
F.CLAG10	65.25	na	4,654	160	FEB	F.QOG10	65.79	15,980	2,654	751	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.