

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	59.64	-0.77	60.89	59.5	60.45	19,872	494,239	WTI Crude
HOA	151.92	-1.52	154.6	151.39	153.75	1,780	96,535	Heating Oil
RBA	165.5	-0.88	167.07	164.25	166.98	2,070	79,511	Unleaded Gas
NGA	33.97	-0.11	34.49	33.92	34.2	1,745	155,458	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

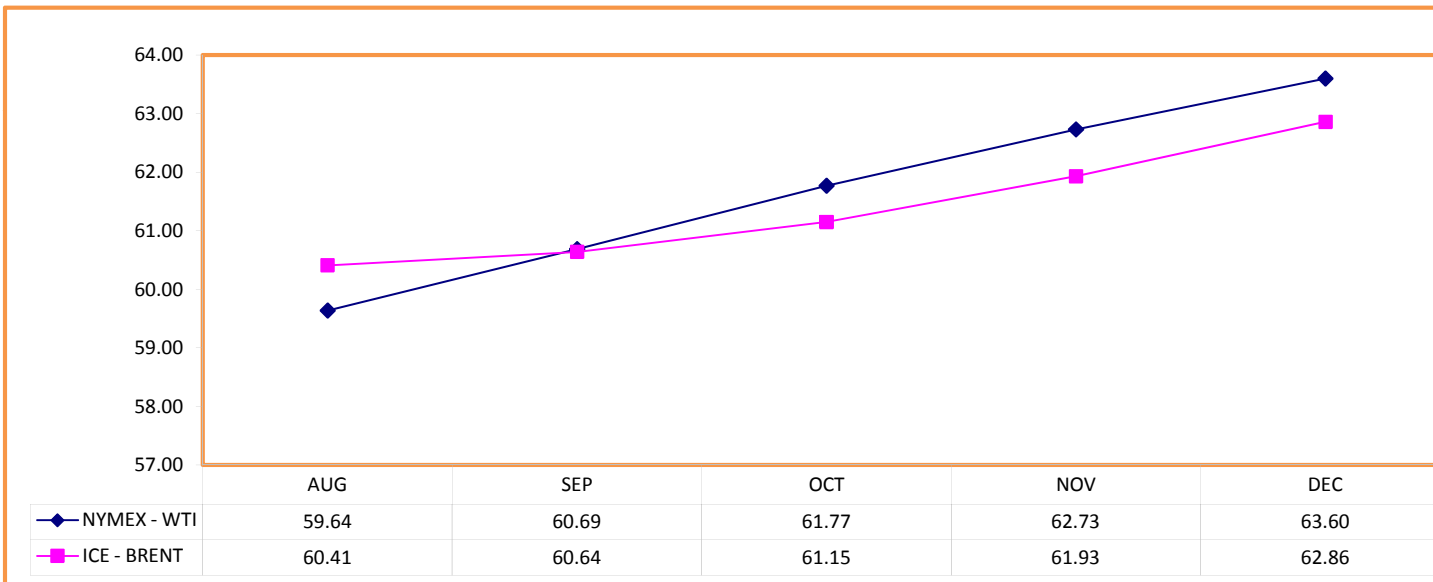
Region North America Country United States Type Energy / Commoditie

Date 07/10/09 05:27:01 United States: Energy / Commodities

	Date	Time	A	M	Event	Period	Survey	Actual	Prior	Revised
11)	07/07	15:30	<input checked="" type="checkbox"/>		API U.S. Crude Oil Inventories	JUL 3	--	-1398K	-6817K	--
12)	07/07	15:30	<input checked="" type="checkbox"/>		API U.S. Gasoline Inventories	JUL 3	--	767K	209K	--
13)	07/07	15:30	<input checked="" type="checkbox"/>		API U.S. Distillate Inventory	JUL 3	--	3416K	723K	--
14)	07/08	09:30	<input checked="" type="checkbox"/>		DOE U.S. Crude Oil Inventories	JUL 3	-2800K	-2896K	-3660K	--
15)	07/08	09:30	<input checked="" type="checkbox"/>		DOE U.S. Gasoline Inventories	JUL 3	900K	1902K	2333K	--
16)	07/08	09:30	<input checked="" type="checkbox"/>		DOE U.S. Distillate Inventory	JUL 3	1825K	3739K	2896K	--
17)	07/08	09:30	<input checked="" type="checkbox"/>		DOE U.S. Heat Oil Inventories	JUL 3	--	1986K	2835K	--
18)	07/08	09:30	<input checked="" type="checkbox"/>		DOE U.S. Refinery Utilization	JUL 3	0.00%	-0.19%	-0.06%	--
19)	07/08	09:30	<input checked="" type="checkbox"/>		DOE Cushing OK Crude Inventory	JUL 3	--	1583K	363K	--
20)	07/08	09:30	<input checked="" type="checkbox"/>		DOE No.2 Heat Oil Inventories	JUL 3	--	45318K	43332K	--
21)	07/08	09:30	<input checked="" type="checkbox"/>		DOE Crude Oil Implied Demand	JUL 3	--	14809	15049	--
22)	07/08	09:30	<input checked="" type="checkbox"/>		DOE Gasoline Implied Demand	JUL 3	--	9379.0	9203.0	--
23)	07/08	09:30	<input checked="" type="checkbox"/>		DOE Distillate Implied Demand	JUL 3	--	3717.0	3935.0	--
24)	07/08	16:00			Alcoa Executives Review Results: Teleconference					
25)	07/09	09:30	<input checked="" type="checkbox"/>		EIA Natural Gas Storage Change	JUL 3	85	75	70	--
26)	07/10	12:00	<input checked="" type="checkbox"/>		Baker Hughes U.S. Rig Count	JUL 10	--	--	928	--
27)	07/14		<input checked="" type="checkbox"/>		DOE Short-Term Crude Outlook	JUL	--	--	67.42	--
28)	07/14		<input checked="" type="checkbox"/>		DOE Short-Term Diesel Outlook	JUL	--	--	2.67	--
29)	07/14		<input checked="" type="checkbox"/>		DOE Short-Term Ht Oil Outlook	JUL	--	--	2.66	--

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
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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	59.64	na	286,410	17,790	AUG	F.QOQ09	60.41	73,444	111,452	19,912	AUG
F.CLAU09	60.69	na	104,058	4,270	SEP	F.QOU09	60.64	148,248	92,098	20,022	SEP
F.CLAV09	61.77	na	27,474	982	OCT	F.QOV09	61.15	81,709	43,864	10,239	OCT
F.CLAX09	62.73	na	11,931	565	NOV	F.QOX09	61.93	32,938	18,182	7,859	NOV
F.CLAZ09	63.60	na	30,277	1,046	DEC	F.QOZ09	62.86	86,875	24,928	7,393	DEC
F.CLAF10	65.21	na	4,016	286	JAN	F.QOF10	63.50	23,475	6,511	1,998	JAN
F.CLAG10	65.80	na	1,953	149	FEB	F.QOG10	64.20	16,093	3,413	1,277	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.