

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	60.32	0.8	60.69	59.65	59.79	26,112	518,315	WTI Crude
HOA	153.37	2.18	153.56	151.65	152	1,437	103,010	Heating Oil
RBA	166.9	2.24	167.15	165.25	165.74	1,791	73,161	Unleaded Gas
NGA	35.09	0.8	35.09	34.41	34.46	4,995	190,603	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.

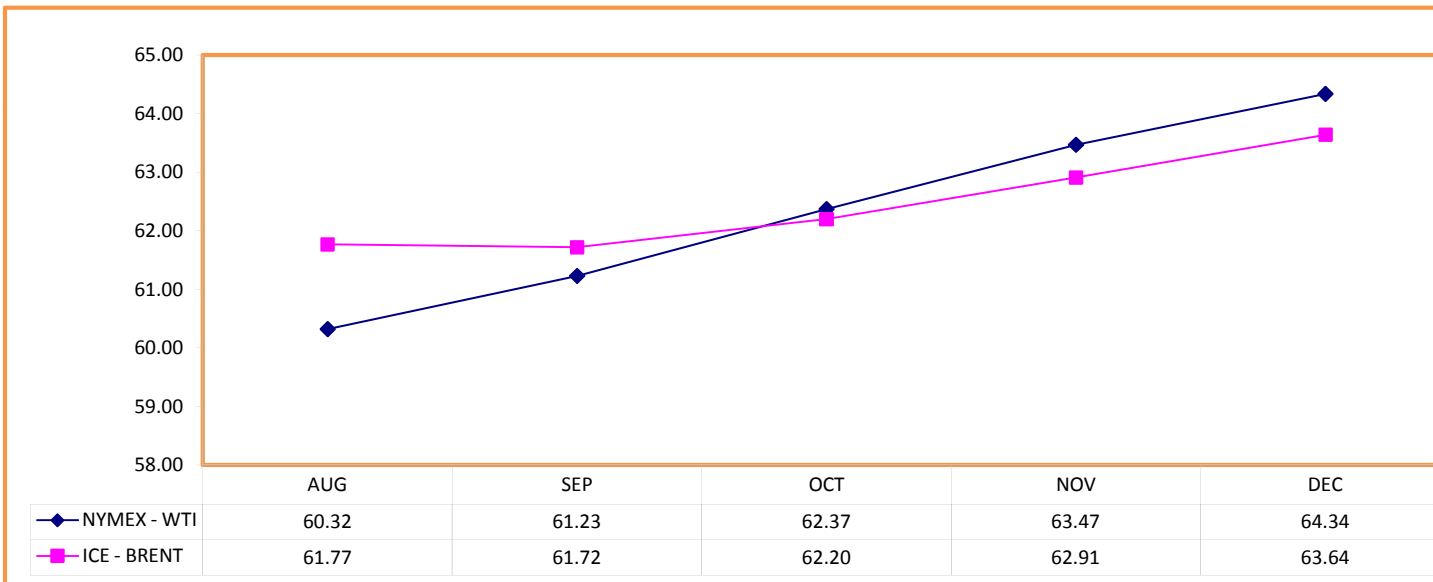
Economic Release Estimates, from Bloomberg

<HELP> for explanation. Govt **ECO**
) Custom Calendar 2) Settings 3) Alerts 4) Export Economic Calendars
 Region North America Country United States Type Energy / Commodity
 Date 07/15/09 05:21:52 United States: Energy / Commodities

	Date	Time	A	M	Event	Period	Survey	Actual	Prior	Revised
27)	07/15	09:30	☑		DOE U.S. Crude Oil Inventories	JUL 10	-2100K	--	-2896K	--
28)	07/15	09:30	☑		DOE U.S. Gasoline Inventories	JUL 10	875K	--	1902K	--
29)	07/15	09:30	☑		DOE U.S. Distillate Inventory	JUL 10	2000K	--	3739K	--
30)	07/15	09:30	☑		DOE U.S. Heat Oil Inventories	JUL 10	--	--	1986K	--
31)	07/15	09:30	☑		DOE U.S. Refinery Utilization	JUL 10	-0.13%	--	-0.19%	--
32)	07/15	09:30	☑		DOE Cushing OK Crude Inventory	JUL 10	--	--	1583K	--
33)	07/15	09:30	☑		DOE No.2 Heat Oil Inventories	JUL 10	--	--	45318K	--
34)	07/15	09:30	☑		DOE Crude Oil Implied Demand	JUL 10	--	--	14809	--
35)	07/15	09:30	☑		DOE Gasoline Implied Demand	JUL 10	--	--	9379.0	--
36)	07/15	09:30	☑		DOE Distillate Implied Demand	JUL 10	--	--	3717.0	--
37)	07/16	09:30	☑		EIA Natural Gas Storage Change	JUL 10	92	--	75	--
38)	07/17	12:00	☑		Baker Hughes U.S. Rig Count	JUL 17	--	--	916	--
39)	07/21	15:30	☑		API U.S. Crude Oil Inventories	JUL 17	--	--	-1158K	--
40)	07/21	15:30	☑		API U.S. Gasoline Inventories	JUL 17	--	--	-69K	--
41)	07/21	15:30	☑		API U.S. Distillate Inventory	JUL 17	--	--	656K	--
42)	07/22	09:30	☑		DOE U.S. Crude Oil Inventories	JUL 17	--	--	--	--
43)	07/22	09:30	☑		DOE U.S. Gasoline Inventories	JUL 17	--	--	--	--
44)	07/22	09:30	☑		DOE U.S. Distillate Inventory	JUL 17	--	--	--	--
45)	07/22	09:30	☑		DOE U.S. Heat Oil Inventories	JUL 17	--	--	--	--

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	60.32	na	266,417	16,878	AUG	F.QOQ09	61.77	37,261	73,723	11,164	AUG
F.CLAU09	61.23	na	131,874	10,791	SEP	F.QOU09	61.72	132,434	125,976	33,388	SEP
F.CLAV09	62.37	na	30,282	3,019	OCT	F.QOV09	62.20	100,017	45,657	13,547	OCT
F.CLAX09	63.47	na	17,071	1,979	NOV	F.QOX09	62.91	32,401	15,401	4,455	NOV
F.CLAZ09	64.34	na	37,517	2,685	DEC	F.QOZ09	63.64	95,028	27,996	6,669	DEC
F.CLAF10	64.02	na	7,390	401	JAN	F.QOF10	64.31	27,760	7,560	1,275	JAN
F.CLAG10	64.76	na	4,677	135	FEB	F.QOG10	65.10	16,134	2,516	507	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.