

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 | 65.05 | -0.35 | 65.73 | 64.91 | 65.4 | 22,484 | 589,914 | WTI Crude |
| HOA | 173.5 | -0.54 | 175.52 | 173.4 | 174.55 | 1,002 | 98,641 | Heating Oil |
| RBA | 181.57 | 0.12 | 182.28 | 180.99 | 181.48 | 1,931 | 99,945 | Unleaded Gas |
| NGA | 38.33 | 0.4 | 38.6 | 37.88 | 38.2 | 1,610 | 213,672 | 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<GO> to set as default calendar

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

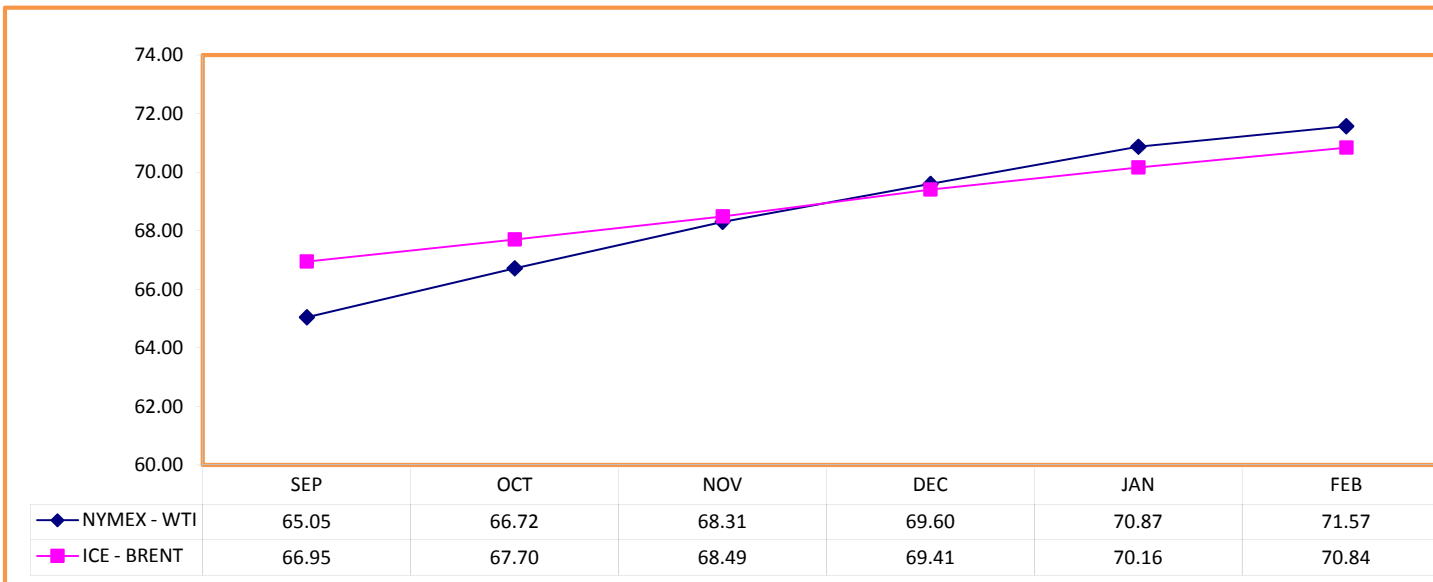
Region North America Country United States Type Energy / Commodities 
 Date 07/23/09 05:20:14 United States: Energy / Commodities

| | Date | Time | A | M | Event | Period | Survey | Actual | Prior | Revised |
|-----|-------|-------|-------------------------------------|---|---|--------|--------|--------|--------|---------|
| 27) | 07/23 | 09:30 | <input checked="" type="checkbox"/> | | EIA Natural Gas Storage Change | JUL 17 | 66 | -- | 90 | -- |
| 28) | 07/23 | 10:30 | | | Occidental Executives Review Results: Teleconf. | | | | | |
| 29) | 07/24 | 12:00 | <input checked="" type="checkbox"/> | | Baker Hughes U.S. Rig Count | JUL 24 | -- | -- | 920 | -- |
| 30) | 07/28 | 15:30 | <input checked="" type="checkbox"/> | | API U.S. Crude Oil Inventories | JUL 24 | -- | -- | 3098K | -- |
| 31) | 07/28 | 15:30 | <input checked="" type="checkbox"/> | | API U.S. Gasoline Inventories | JUL 24 | -- | -- | 1333K | -- |
| 32) | 07/28 | 15:30 | <input checked="" type="checkbox"/> | | API U.S. Distillate Inventory | JUL 24 | -- | -- | 147K | -- |
| 33) | 07/29 | 09:30 | <input checked="" type="checkbox"/> | | DOE U.S. Crude Oil Inventories | JUL 24 | -- | -- | -1796K | -- |
| 34) | 07/29 | 09:30 | <input checked="" type="checkbox"/> | | DOE U.S. Gasoline Inventories | JUL 24 | -- | -- | 813K | -- |
| 35) | 07/29 | 09:30 | <input checked="" type="checkbox"/> | | DOE U.S. Distillate Inventory | JUL 24 | -- | -- | 1218K | -- |
| 36) | 07/29 | 09:30 | <input checked="" type="checkbox"/> | | DOE U.S. Heat Oil Inventories | JUL 24 | -- | -- | 326K | -- |
| 37) | 07/29 | 09:30 | <input checked="" type="checkbox"/> | | DOE U.S. Refinery Utilization | JUL 24 | -- | -- | -2.03% | -- |
| 38) | 07/29 | 09:30 | <input checked="" type="checkbox"/> | | DOE Cushing OK Crude Inventory | JUL 24 | -- | -- | 8K | -- |
| 39) | 07/29 | 09:30 | <input checked="" type="checkbox"/> | | DOE No.2 Heat Oil Inventories | JUL 24 | -- | -- | 46161K | -- |
| 40) | 07/29 | 09:30 | <input checked="" type="checkbox"/> | | DOE Crude Oil Implied Demand | JUL 24 | -- | -- | 14636 | -- |
| 41) | 07/29 | 09:30 | <input checked="" type="checkbox"/> | | DOE Gasoline Implied Demand | JUL 24 | -- | -- | 9410.0 | -- |
| 42) | 07/29 | 09:30 | <input checked="" type="checkbox"/> | | DOE Distillate Implied Demand | JUL 24 | -- | -- | 4130.0 | -- |
| 43) | 07/30 | 09:30 | <input checked="" type="checkbox"/> | | EIA Natural Gas Storage Change | JUL 24 | -- | -- | -- | -- |
| 44) | 07/31 | 12:00 | <input checked="" type="checkbox"/> | | Baker Hughes U.S. Rig Count | JUL 31 | -- | -- | -- | -- |
| 45) | 08/04 | 15:30 | <input checked="" type="checkbox"/> | | API U.S. Crude Oil Inventories | JUL 31 | -- | -- | -- | -- |

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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Spreads - WTI and BRENT

| 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 | #VALUE! | na | | | | F.QOQ09 | | | | | |
| F.CLAU09 | 65.05 | na | 300,573 | 15,074 | SEP | F.QOU09 | 66.95 | 148,789 | 117,196 | 20,741 | SEP |
| F.CLAV09 | 66.72 | na | 86,429 | 4,939 | OCT | F.QOV09 | 67.70 | 115,728 | 55,058 | 13,274 | OCT |
| F.CLAX09 | 68.31 | na | 35,957 | 3,045 | NOV | F.QOX09 | 68.49 | 41,438 | 28,806 | 7,644 | NOV |
| F.CLAZ09 | 69.60 | na | 56,957 | 2,922 | DEC | F.QOZ09 | 69.41 | 96,195 | 47,471 | 7,285 | DEC |
| F.CLAF10 | 70.87 | na | 9,837 | 553 | JAN | F.QOF10 | 70.16 | 28,504 | 14,140 | 1,651 | JAN |
| F.CLAG10 | 71.57 | na | 3,942 | 291 | FEB | F.QOG10 | 70.84 | 16,495 | 7,847 | 923 | 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.