

## The Morning Email: Oil

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Want something added? Let me know: [jgoulding@ghco.com](mailto:jgoulding@ghco.com)

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## ENERGY MATRIX - NYMEX PRODUCTS

NYMEX	Last	NET	High	Low	Open	Volume	Yest. Vol	SYM Name
CLA	66.58	-0.36	67.79	66.16	66.69	25,991	540,445	WTI Crude
HOA	177.67	-1.32	180.07	176.35	178.91	1,457	95,141	Heating Oil
RBA	193.65	-1.49	196.46	192.99	194.43	1,502	115,521	Unleaded Gas
NGA	37	-0.43	37.61	36.75	37.42	1,963	152,921	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

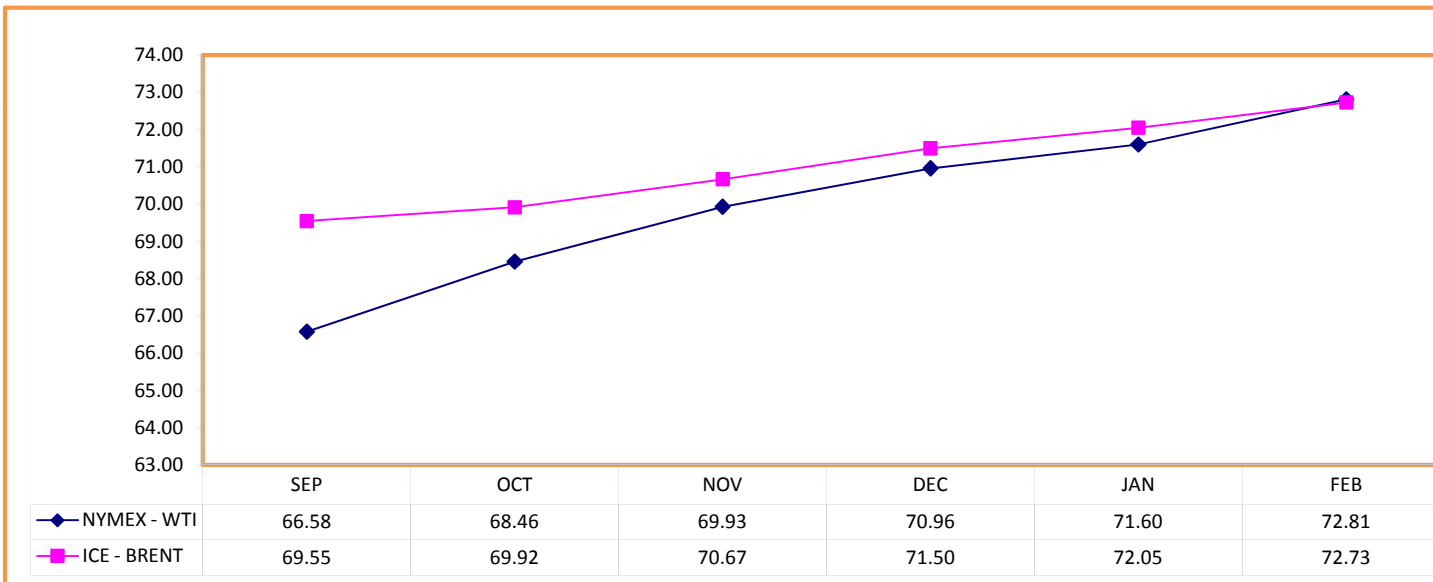
Custom Calendar 2) Settings 3) Alerts 4) Export Economic Calendars

Region North America Country United States Type Energy / Commodities  
 Date 07/30/09 05:27:04 United States: Energy / Commodities

	Date	Time	A M	Event	Period	Survey	Actual	Prior	Revised
33)	07/30	09:00		Dow Chemical Executives Review Results: Teleconf.					
34)	07/30	09:00		International Paper Executives Review Results					
35)	07/30	09:30		<input checked="" type="checkbox"/> EIA Natural Gas Storage Change	JUL 24	73	- -	66	- -
36)	07/30	10:00		Exxon Mobil Executives Review Results: Teleconf.					
37)	07/30	13:00		Apache Executives Review Results: Teleconference					
38)	07/31	12:00		<input checked="" type="checkbox"/> Baker Hughes U.S. Rig Count	JUL 31	- -	- -	943	- -
39)	08/04	15:30		<input checked="" type="checkbox"/> API U.S. Crude Oil Inventories	JUL 31	- -	- -	4067K	- -
40)	08/04	15:30		<input checked="" type="checkbox"/> API U.S. Gasoline Inventories	JUL 31	- -	- -	-47K	- -
41)	08/04	15:30		<input checked="" type="checkbox"/> API U.S. Distillate Inventory	JUL 31	- -	- -	116K	- -
42)	08/05	09:30		<input checked="" type="checkbox"/> DOE U.S. Crude Oil Inventories	JUL 31	- -	- -	5152K	- -
43)	08/05	09:30		<input checked="" type="checkbox"/> DOE U.S. Gasoline Inventories	JUL 31	- -	- -	-2315K	- -
44)	08/05	09:30		<input checked="" type="checkbox"/> DOE U.S. Distillate Inventory	JUL 31	- -	- -	2108K	- -
45)	08/05	09:30		<input checked="" type="checkbox"/> DOE U.S. Heat Oil Inventories	JUL 31	- -	- -	270K	- -
46)	08/05	09:30		<input checked="" type="checkbox"/> DOE U.S. Refinery Utilization	JUL 31	- -	- -	-1.27%	- -
47)	08/05	09:30		<input checked="" type="checkbox"/> DOE Cushing OK Crude Inventory	JUL 31	- -	- -	1310K	- -
48)	08/05	09:30		<input checked="" type="checkbox"/> DOE No.2 Heat Oil Inventories	JUL 31	- -	- -	46431K	- -
49)	08/05	09:30		<input checked="" type="checkbox"/> DOE Crude Oil Implied Demand	JUL 31	- -	- -	14395	- -
50)	08/05	09:30		<input checked="" type="checkbox"/> DOE Gasoline Implied Demand	JUL 31	- -	- -	9326.0	- -
51)	08/05	09:30		<input checked="" type="checkbox"/> DOE Distillate Implied Demand	JUL 31	- -	- -	3940.0	- -

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	64.81	na				F.QOQ09					
F.CLAU09	66.58	na	323,742	22,401	SEP	F.QOU09	69.55	104,366	131,172	27,671	SEP
F.CLAV09	68.46	na	82,846	5,140	OCT	F.QOV09	69.92	127,554	83,529	15,654	OCT
F.CLAX09	69.93	na	34,211	1,903	NOV	F.QOX09	70.67	51,822	27,912	4,640	NOV
F.CLAZ09	70.96	na	48,852	2,311	DEC	F.QOZ09	71.50	95,255	28,998	3,731	DEC
F.CLAF10	71.60	na	8,629	259	JAN	F.QOF10	72.05	30,942	5,170	465	JAN
F.CLAG10	72.81	na	4,226	103	FEB	F.QOG10	72.73	17,204	4,346	178	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.