

## 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**

<b>NYMEX</b>	<b>Last</b>	<b>NET</b>	<b>High</b>	<b>Low</b>	<b>Open</b>	<b>Volume</b>	<b>Yest. Vol</b>	<b>SYM Name</b>
<b>CLA</b>	67.19	1.07	67.38	65.92	66.09	21,705	603,860	WTI Crude
<b>HOA</b>	176.27	1.88	175.75	173.5	173.54	1,271	104,190	Heating Oil
<b>RBA</b>	192.37	2.21	192.37	189.4	189.72	1,002	96,965	Unleaded Gas
<b>NGA</b>	38.18	0.52	38.29	37.3	37.65	3,878	194,680	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. Index ECO  
 9<GO> to set as default calendar

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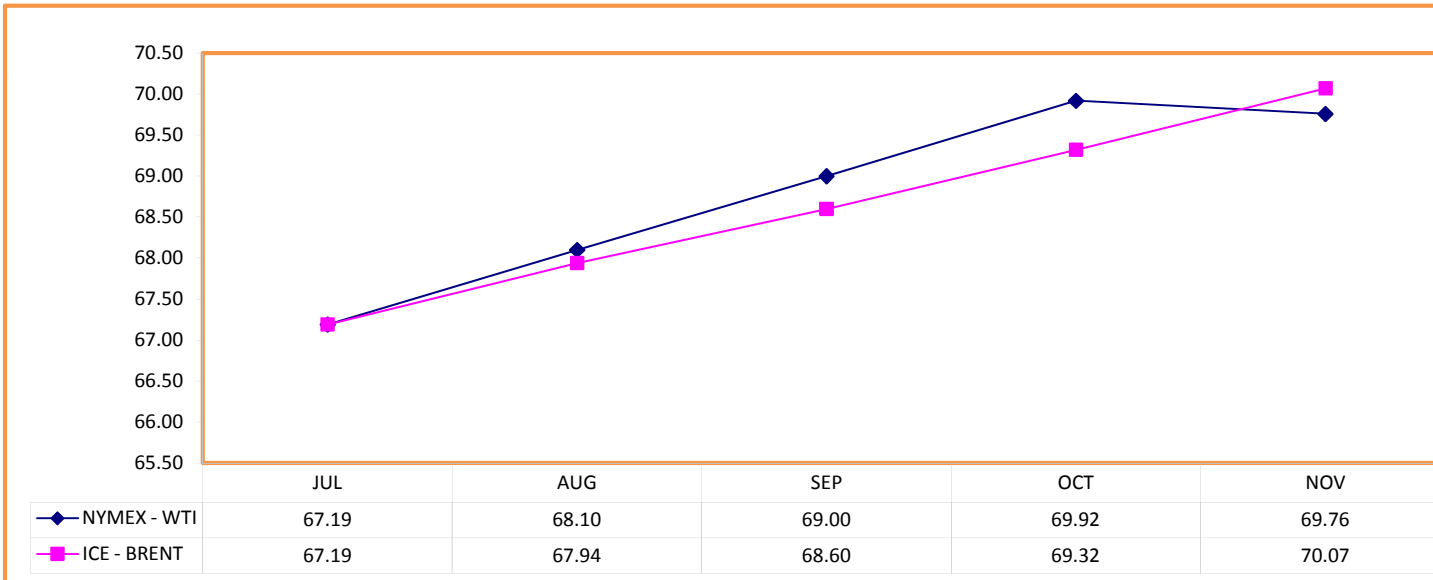
Region  Country  Type

Date  05:22:29 United States: Energy / Commodities

	Date	Time	A	M	Event	Period	Survey	Actual	Prior	Revised
22)	06/02	15:30			API U.S. Crude Oil Inventories	MAY 29	--	-828K	-2821K	--
23)	06/02	15:30			API U.S. Gasoline Inventories	MAY 29	--	99K	-758K	--
24)	06/02	15:30			API U.S. Distillate Inventory	MAY 29	--	3446K	1420K	--
25)	06/03	09:30			DOE U.S. Crude Oil Inventories	MAY 29	-1500K	2866K	-5413K	--
26)	06/03	09:30			DOE U.S. Gasoline Inventories	MAY 29	650K	-215K	-537K	--
27)	06/03	09:30			DOE U.S. Distillate Inventory	MAY 29	900K	1661K	248K	--
28)	06/03	09:30			DOE U.S. Heat Oil Inventories	MAY 29	--	-237K	1147K	--
29)	06/03	09:30			DOE U.S. Refinery Utilization	MAY 29	0.50%	1.15%	3.30%	--
30)	06/03	09:30			DOE Cushing OK Crude Inventory	MAY 29	--	-766K	1064K	--
31)	06/03	09:30			DOE No.2 Heat Oil Inventories	MAY 29	--	40787K	--	--
32)	06/03	09:30			DOE Crude Oil Implied Demand	MAY 29	--	14595	14915	--
33)	06/03	09:30			DOE Gasoline Implied Demand	MAY 29	--	9168.0	9686.0	--
34)	06/03	09:30			DOE Distillate Implied Demand	MAY 29	--	4023.0	4204.0	--
35)	06/04	09:30			EIA Natural Gas Storage Change	MAY 29	117	--	106	--
36)	06/05	12:00			Baker Hughes U.S. Rig Count	JUN 5	--	--	899	--
37)	06/09				DOE Short-Term Crude Outlook	JUN	--	--	58	--
38)	06/09				DOE Short-Term Diesel Outlook	JUN	--	--	2.48	--
39)	06/09				DOE Short-Term Ht Oil Outlook	JUN	--	--	2.42	--
40)	06/09				DOE Short-Term NatGas Outlook	JUN	--	--	11.22	--

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.CLAN09	67.19	na	294,405	17,764	JUL	F.QON09	67.19	0	132,923	25,515	JUL
F.CLAQ09	68.10	na	100,628	4,102	AUG	F.QOQ09	67.94	0	81,098	18,535	AUG
F.CLAU09	69.00	na	53,358	1,686	SEP	F.QOU09	68.60	0	45,146	8,522	SEP
F.CLAV09	69.92	na	22,313	532	OCT	F.QOV09	69.32	0	22,176	4,111	OCT
F.CLAX09	69.76	na	16,980	459	NOV	F.QOX09	70.07	0	12,922	2,707	NOV
F.CLAZ09	71.30	na	50,753	483	DEC	F.QOZ09	70.80	0	25,374	5,261	DEC
F.CLAF10	71.17	na	4,435	22	JAN	F.QOF10	71.54	0	3,696	2	JAN
F.CLAG10	71.64	na	3,219	11	FEB	F.QOG10	72.09	0	1,948	1	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.