

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

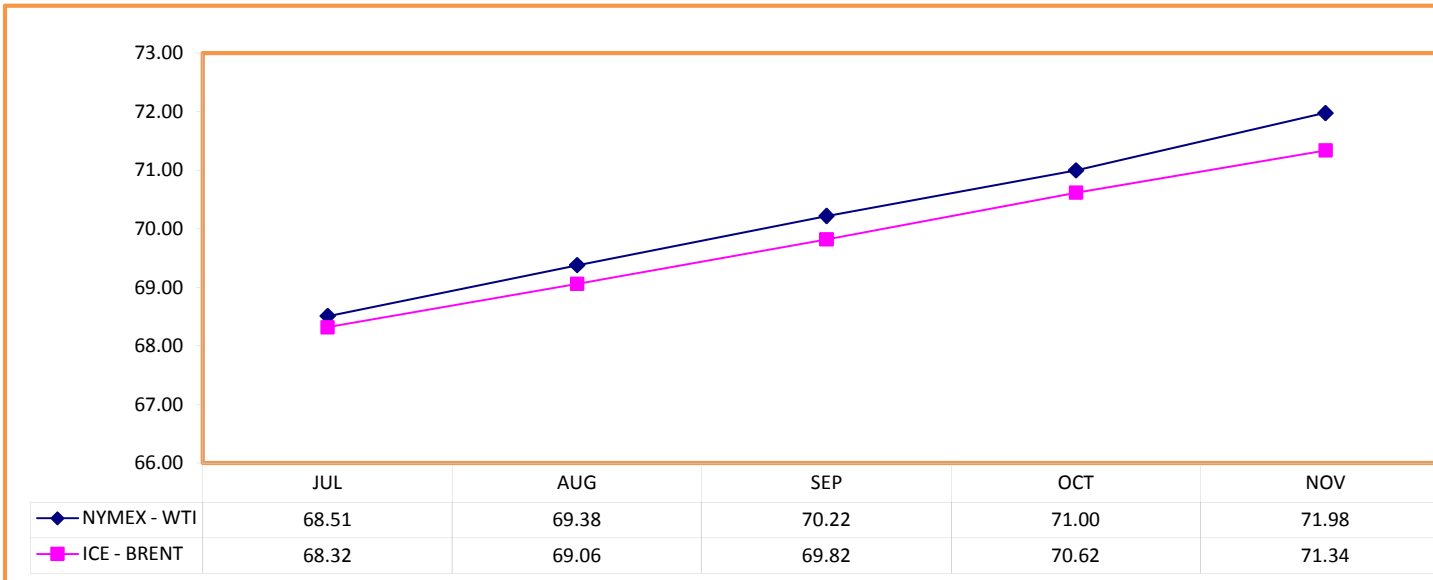
NYMEX	Last	NET	High	Low	Open	Volume	Yest. Vol	SYM Name
CLA	68.51	-0.3	69.52	68.3	68.73	19,497	533,543	WTI Crude
HOA	177.37	1.94	180.39	178.2	178.4	759	81,379	Heating Oil
RBA	196.18	1.8	198.5	196.72	196.8	3,023	94,035	Unleaded Gas
NGA	38.07	-0.03	38.4	38	38.4	1,981	221,218	Natural Gas

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

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	68.51	na	280,205	17,521	JUL	F.QON09	68.32	112,162	119,547	22,782	JUL
F.CLAQ09	69.38	na	92,210	2,055	AUG	F.QOQ09	69.06	152,024	75,985	14,499	AUG
F.CLAU09	70.22	na	38,046	243	SEP	F.QOU09	69.82	0	38,530	6,624	SEP
F.CLAV09	71.00	na	13,770	16	OCT	F.QOV09	70.62	0	14,661	3,137	OCT
F.CLAX09	71.98	na	9,593	238	NOV	F.QOX09	71.34	0	8,772	25	NOV
F.CLAZ09	72.55	na	39,194	64	DEC	F.QOZ09	71.88	0	24,686	31	DEC
F.CLAF10	73.12	na	2,272	2	JAN	F.QOF10	72.76	0	3,056	0	JAN
F.CLAG10	73.90	na	1,801	4	FEB	F.QOG10	73.28	0	2,328	13	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.