

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

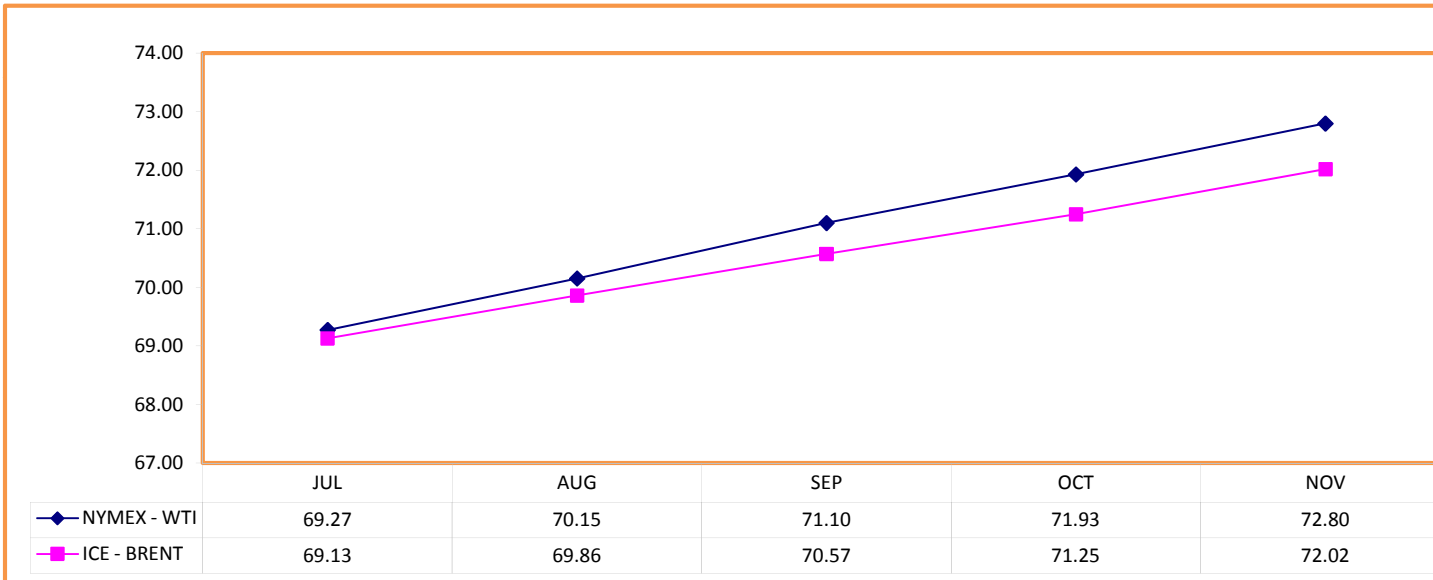
NYMEX	Last	NET	High	Low	Open	Volume	Yest. Vol	SYM Name
CLA	69.27	1.18	69.82	68.43	68.69	118,654	492,092	WTI Crude
HOA	179.78	2.99	181	177.56	178.45	13,114	73,814	Heating Oil
RBA	194.84	1.24	196.08	193.43	194.72	11,979	81,117	Unleaded Gas
NGA	36.9	-0.41	38.2	36.8	37.27	46,889	193,534	Natural Gas

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	69.27	na	289,278	87,360	JUL	F.QON09	69.13	0	101,277	50,908	JUL
F.CLAQ09	70.15	na	127,876	25,443	AUG	F.QOQ09	69.86	0	71,143	42,061	AUG
F.CLAU09	71.10	na	46,508	11,889	SEP	F.QOU09	70.57	0	29,426	22,190	SEP
F.CLAV09	71.93	na	16,216	2,774	OCT	F.QOV09	71.25	0	10,944	7,639	OCT
F.CLAX09	72.80	na	10,903	2,279	NOV	F.QOX09	72.02	0	5,684	4,046	NOV
F.CLAZ09	73.60	na	30,616	7,671	DEC	F.QOZ09	72.68	0	15,595	9,237	DEC
F.CLAF10	74.21	na	3,289	806	JAN	F.QOF10	73.44	0	2,379	1,695	JAN
F.CLAG10	74.49	na	2,061	826	FEB	F.QOG10	73.99	0	2,383	783	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.