

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	71.36	-0.68	72.35	70.71	72.2	26,708	388,394	WTI Crude
HOA	182.87	-0.88	184.81	181.6	184.11	746	65,324	Heating Oil
RBA	203.47	-0.84	205.45	201.78	204.6	605	65,217	Unleaded Gas
NGA	38.55	-0.02	39.05	38.25	38.59	2,372	244,267	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. EquityECO
 9<GO> to set as default calendar

1) Custom Calendars 2) Settings 3) Alt Economic Calendars

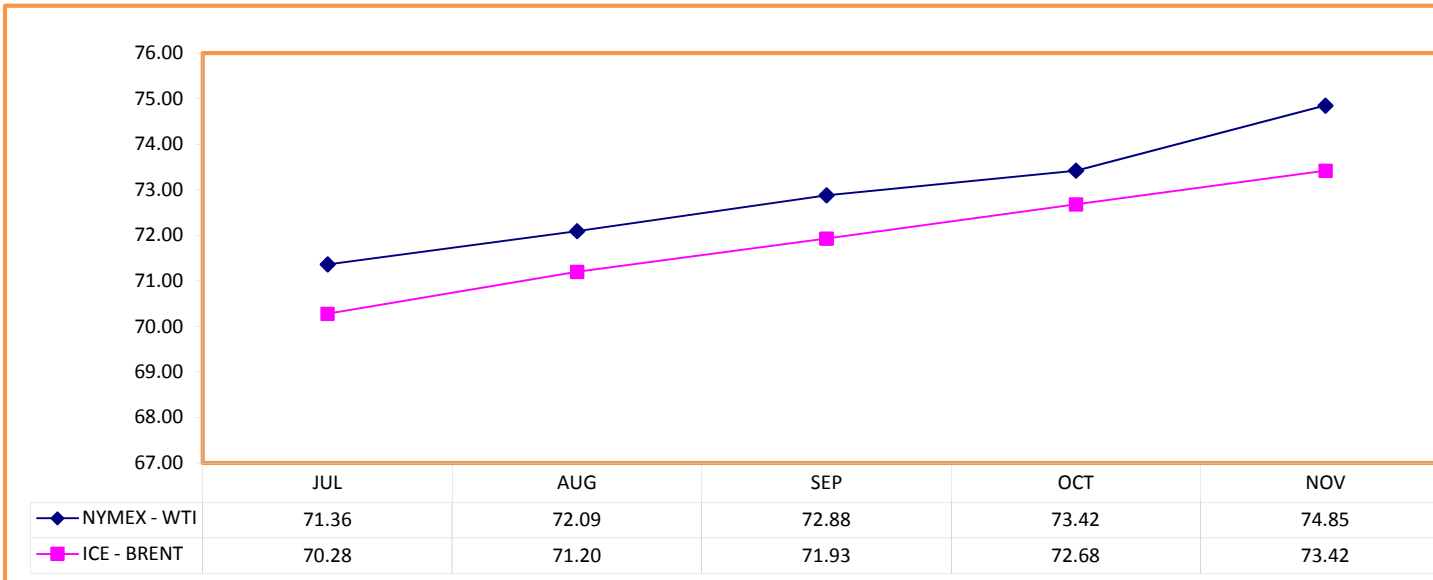
Region **North America** Country **United States** Type **Energy / Commodities**

Date **06/12/09** 05:19:14 **United States: Energy / Commodities**

	Date	Time	A M	Event	Period	Survey	Actual	Prior	Revised
31)	06/12	12:00		☒ Baker Hughes U.S. Rig Count	JUN 12	--	--	887	--
32)	06/16	15:30		☒ API U.S. Crude Oil Inventories	JUN 12	--	--	-5959K	--
33)	06/16	15:30		☒ API U.S. Gasoline Inventories	JUN 12	--	--	27K	--
34)	06/16	15:30		☒ API U.S. Distillate Inventory	JUN 12	--	--	19K	--
35)	06/17	09:30		☒ DOE U.S. Crude Oil Inventories	JUN 12	--	--	-4382K	--
36)	06/17	09:30		☒ DOE U.S. Gasoline Inventories	JUN 12	--	--	-1553K	--
37)	06/17	09:30		☒ DOE U.S. Distillate Inventory	JUN 12	--	--	-318K	--
38)	06/17	09:30		☒ DOE U.S. Heat Oil Inventories	JUN 12	--	--	-830K	--
39)	06/17	09:30		☒ DOE U.S. Refinery Utilization	JUN 12	--	--	-0.41%	--
40)	06/17	09:30		☒ DOE Cushing OK Crude Inventory	JUN 12	--	--	-942K	--
41)	06/17	09:30		☒ DOE No.2 Heat Oil Inventories	JUN 12	--	--	--	--
42)	06/17	09:30		☒ DOE Crude Oil Implied Demand	JUN 12	--	--	14954	--
43)	06/17	09:30		☒ DOE Gasoline Implied Demand	JUN 12	--	--	9289.0	--
44)	06/17	09:30		☒ DOE Distillate Implied Demand	JUN 12	--	--	4140.0	--
45)	06/18	09:30		☒ EIA Natural Gas Storage Change	JUN 12	--	--	106	--
46)	06/19	12:00		☒ Baker Hughes U.S. Rig Count	JUN 19	--	--	--	--
47)	06/23	15:30		☒ API U.S. Crude Oil Inventories	JUN 19	--	--	--	--
48)	06/23	15:30		☒ API U.S. Gasoline Inventories	JUN 19	--	--	--	--
49)	06/23	15:30		☒ API U.S. Distillate Inventory	JUN 19	--	--	--	--

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	71.36	na	224,601	16,746	JUL	F.QON09	70.28	21,633	73,564	9,772	JUL
F.CLAQ09	72.09	na	83,499	7,280	AUG	F.QOQ09	71.20	172,133	101,337	25,038	AUG
F.CLAU09	72.88	na	37,541	1,987	SEP	F.QOU09	71.93	112,910	33,225	7,073	SEP
F.CLAV09	73.42	na	11,416	480	OCT	F.QOV09	72.68	56,647	12,045	2,811	OCT
F.CLAX09	74.85	na	7,451	261	NOV	F.QOX09	73.42	22,279	7,606	1,519	NOV
F.CLAZ09	74.96	na	30,839	618	DEC	F.QOZ09	74.13	83,172	15,473	2,850	DEC
F.CLAF10	75.23	na	2,206	314	JAN	F.QOF10	74.37	22,971	5,222	317	JAN
F.CLAG10	75.72	na	1,680	51	FEB	F.QOG10	74.84	15,025	3,594	120	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.