

## 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	71.92	1.3	72.12	69.9	70.31	27,425	382,765	WTI Crude
HOA	185.46	3.9	185.93	180.46	181.4	2,327	64,944	Heating Oil
RBA	208.28	2.98	208.5	204.71	205.59	1,782	86,060	Unleaded Gas
NGA	42.49	0.67	42.55	41.41	41.91	3,880	277,470	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. Govt ECO  
 9<GO> to set as default calendar

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

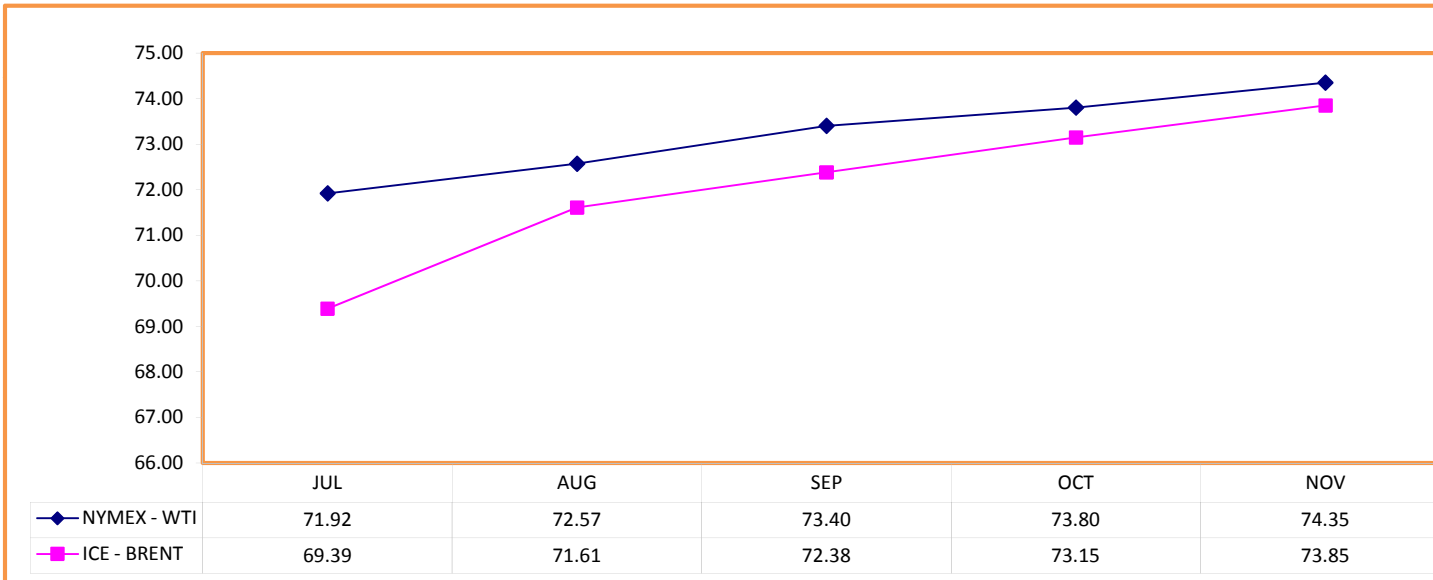
Region North America Country United States Type Energy / Commodity  
 Date 06/16/09 05:13:17 United States: Energy / Commodities

	Date	Time	A M	Event	Period	Survey	Actual	Prior	Revised
31)	06/16	15:30		API U.S. Crude Oil Inventories	JUN 12	--	--	-5959K	--
32)	06/16	15:30		API U.S. Gasoline Inventories	JUN 12	--	--	27K	--
33)	06/16	15:30		API U.S. Distillate Inventory	JUN 12	--	--	19K	--
34)	06/17	09:30		DOE U.S. Crude Oil Inventories	JUN 12	-2000K	--	-4382K	--
35)	06/17	09:30		DOE U.S. Gasoline Inventories	JUN 12	550K	--	-1553K	--
36)	06/17	09:30		DOE U.S. Distillate Inventory	JUN 12	1000K	--	-318K	--
37)	06/17	09:30		DOE U.S. Heat Oil Inventories	JUN 12	--	--	-830K	--
38)	06/17	09:30		DOE U.S. Refinery Utilization	JUN 12	0.25%	--	-0.41%	--
39)	06/17	09:30		DOE Cushing OK Crude Inventory	JUN 12	--	--	-942K	--
40)	06/17	09:30		DOE No.2 Heat Oil Inventories	JUN 12	--	--	--	--
41)	06/17	09:30		DOE Crude Oil Implied Demand	JUN 12	--	--	14954	--
42)	06/17	09:30		DOE Gasoline Implied Demand	JUN 12	--	--	9289.0	--
43)	06/17	09:30		DOE Distillate Implied Demand	JUN 12	--	--	4140.0	--
44)	06/18	09:30		EIA Natural Gas Storage Change	JUN 12	--	--	106	--
45)	06/19	12:00		Baker Hughes U.S. Rig Count	JUN 19	--	--	876	--
46)	06/23	15:30		API U.S. Crude Oil Inventories	JUN 19	--	--	--	--
47)	06/23	15:30		API U.S. Gasoline Inventories	JUN 19	--	--	--	--
48)	06/23	15:30		API U.S. Distillate Inventory	JUN 19	--	--	--	--
49)	06/24	09:30		DOE U.S. Crude Oil Inventories	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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Spreads - WTI and BRENT

NYMEX - WTI						ICE - BRENT					
	Last	Yest. Open	Yest. Int Volume	Today's Volume	Contract Month	Last	Yest. Open	Yest. Int Volume	Today's Volume	Contract Month	
F.CLAN09	71.92	na	217,169	18,359	JUL	F.QON09	69.39				
F.CLAQ09	72.57	na	81,979	3,062	AUG	F.QOQ09	71.61	169,429	109,796	28,799	
F.CLAU09	73.40	na	23,632	275	SEP	F.QOU09	72.38	115,276	29,653	11,774	
F.CLAV09	73.80	na	7,055	70	OCT	F.QOV09	73.15	55,988	14,760	5,655	
F.CLAX09	74.35	na	3,610	580	NOV	F.QOX09	73.85	22,194	5,726	2,359	
F.CLAZ09	75.36	na	21,216	91	DEC	F.QOZ09	74.49	84,352	13,346	3,253	
F.CLAF10	75.10	na	2,173	1	JAN	F.QOF10	75.05	22,621	2,947	1,185	
F.CLAG10	74.75	na	1,277	13	FEB	F.QOG10	75.48	14,909	1,665	912	



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.