

## The Morning Email: Oil

### Table of Contents

**Pg 1** Quotes

**Pg 2** Economic Releases

**Pg 3** Spreads - WTI and BRENT

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>	40.57	0.42	41.05	39.44	40.1	21,568	389,256	WTI Crude
<b>HOA</b>	117.26	2.14	118.2	114.34	115.25	746	56,517	Heating Oil
<b>RBA</b>	129.4	0.78	129.9	127	127	924	51,221	Unleaded Gas
<b>NGA</b>	42.16	0.64	42.34	41.66	41.77	1,400	125,117	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

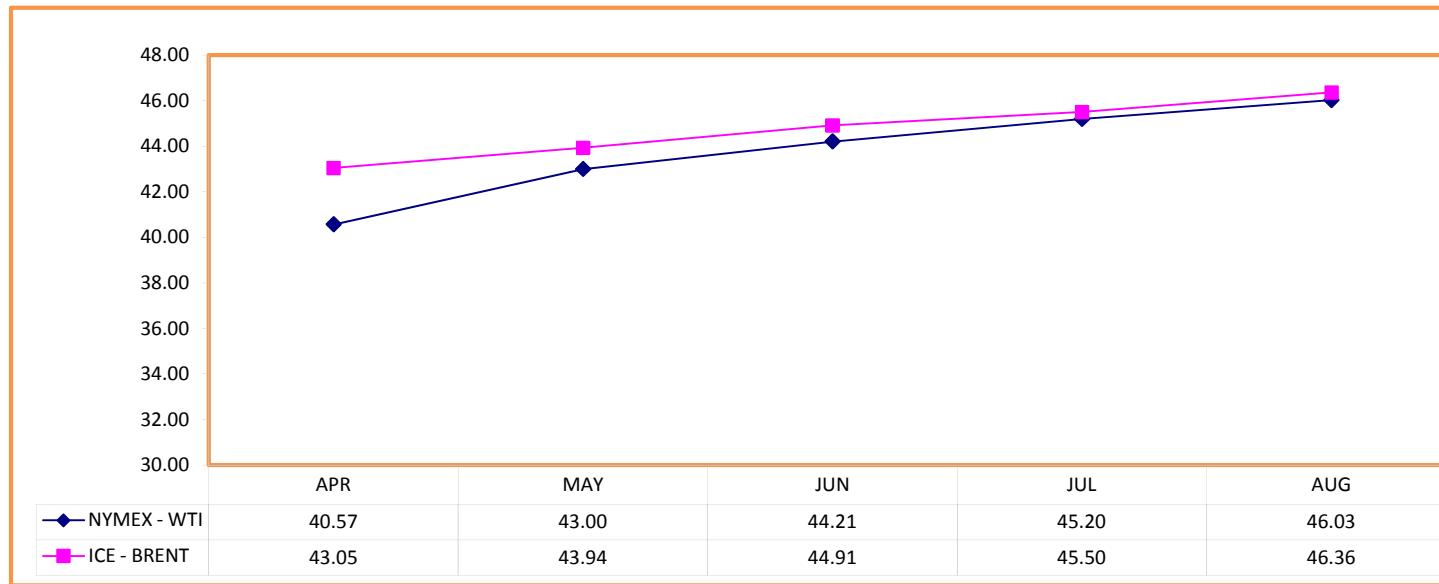
1) Custom Calendars    2) Options    3) All    Economic Calendars

Region **North America**    Country **United States**    Type **Energy / Commodities**   
 Date **03/03/09**    05:11:16    **United States: Energy / Commodities**

	Date	Time	A	M	Event	Period	Survey	Actual	Prior	Revised
28)	03/03	15:30			API U.S. Crude Oil Inventories	FEB 27	--	--	341K	--
29)	03/03	15:30			API U.S. Gasoline Inventories	FEB 27	--	--	-898K	--
30)	03/03	15:30			API U.S. Distillate Inventory	FEB 27	--	--	1760K	--
31)	03/04	09:30			DOE U.S. Crude Oil Inventories	FEB 27	1000K	--	717K	--
32)	03/04	09:30			DOE U.S. Gasoline Inventories	FEB 27	-750K	--	-3322K	--
33)	03/04	09:30			DOE U.S. Distillate Inventory	FEB 27	-1350K	--	882K	--
34)	03/04	09:30			DOE U.S. Heat Oil Inventories	FEB 27	--	--	--	--
35)	03/04	09:30			DOE U.S. Refinery Utilization	FEB 27	0.50%	--	-0.89%	--
36)	03/04	09:30			DOE Cushing OK Crude Inventory	FEB 27	--	--	-358K	--
37)	03/04	09:30			DOE Crude Oil Implied Demand	FEB 27	--	--	13967	--
38)	03/04	09:30			DOE Gasoline Implied Demand	FEB 27	--	--	9148.0	--
39)	03/04	09:30			DOE Distillate Implied Demand	FEB 27	--	--	4369.0	--
40)	03/05	09:30			EIA Natural Gas Storage Change	FEB 27	--	--	-101	--
41)	03/06	12:00			Baker Hughes U.S. Rig Count	MAR 6	--	--	1243	--
42)	03/10				DOE Short-Term Crude Outlook	MAR	--	--	55	--
43)	03/10				DOE Short-Term Diesel Outlook	MAR	--	--	2.55	--
44)	03/10				DOE Short-Term Ht Oil Outlook	MAR	--	--	2.45	--
45)	03/10				DOE Short-Term NatGas Outlook	MAR	--	--	11.53	--
46)	03/10				DOE Short-Term Mogas Outlook	MAR	--	--	2.19	--

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					
	Yest.	Yest.	Today's	Contract		Yest.	Yest.	Today's	Contract		
	Open	Volume	Volume	Month		Open	Volume	Volume	Month		
F.CLAJ09	40.57	na	223,094	15,777	APR	F.QOJ09	43.05	133,945	116,672	19,529	APR
F.CLAK09	43.00	na	79,181	3,225	MAY	F.QOK09	43.94	154,423	84,078	14,194	MAY
F.CLAM09	44.21	na	33,193	1,622	JUN	F.QOM09	44.91	73,856		7,358	JUN
F.CLAN09	45.20	na	11,378	279	JUL	F.QON09	45.50	28,933	10,607	2,370	JUL
F.CLAQ09	46.03	na	5,654	238	AUG	F.QOQ09	46.36	18,142	3,495	898	AUG
F.CLAU09	45.78	na	5,258	448	SEP	F.QOU09	46.94	17,950	2,890	604	SEP
F.CLAV09	46.50	na	3,313	340	OCT	F.QOV09	47.50	12,491	2,183	473	OCT
F.CLAX09	47.96	na	2,895	329	NOV	F.QOX09	48.04	13,403	2,108	510	NOV
F.CLAZ09	48.95	na	15,152	756	DEC	F.QOZ09	48.56	71,144	15,335	2,246	DEC



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.