

The Morning Email: Oil

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Want something added? Let me know: jgoulding@ghco.com

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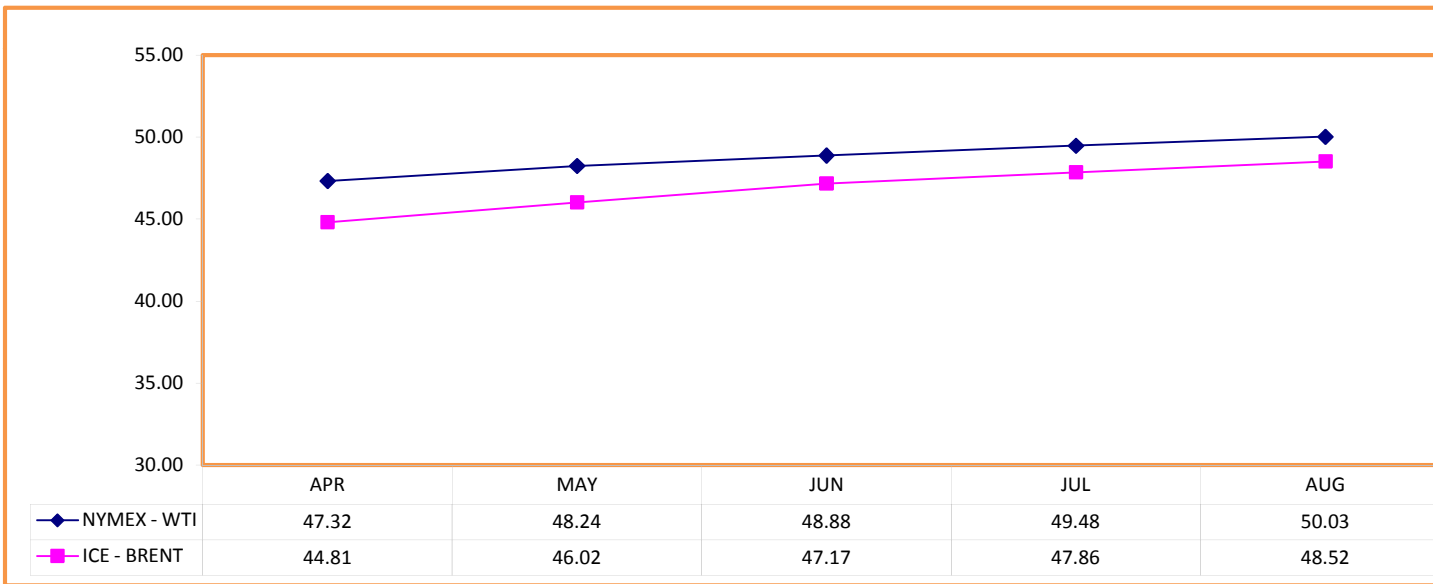
ENERGY MATRIX - NYMEX PRODUCTS

NYMEX	Last	NET	High	Low	Open	Volume	Yest. Vol	SYM Name
CLA	47.32	0.25	47.81	46.64	47.25	15,708	714,392	WTI Crude
HOA	121.24	-0.3	123.84	120	122.45	1,136	58,507	Heating Oil
RBA	132.3	-1.21	134.2	131.45	132.76	846	66,947	Unleaded Gas
NGA	38.16	-0.49	38.64	38.12	38.41	546	115,944	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.

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.CLAJ09	47.32	na	340,944	10,379	APR	F.QOJ09	44.81	96,554	130,045	14,249	APR
F.CLAK09	48.24	na	194,649	6,208	MAY	F.QOK09	46.02	164,817	135,479	13,171	MAY
F.CLAM09	48.88	na	71,865	2,227	JUN	F.QOM09	47.17	103,784		6,525	JUN
F.CLAN09	49.48	na	27,271	745	JUL	F.QON09	47.86	41,104	14,185	1,980	JUL
F.CLAQ09	50.03	na	15,530	311	AUG	F.QOQ09	48.52	17,175	4,755	739	AUG
F.CLAU09	50.35	na	11,962	462	SEP	F.QOU09	49.36	19,107	5,535	542	SEP
F.CLAV09	51.02	na	6,706	154	OCT	F.QOV09	49.87	12,968	2,879	337	OCT
F.CLAX09	51.41	na	4,582	162	NOV	F.QOX09	50.31	12,699	2,558	226	NOV
F.CLAZ09	51.85	na	22,376	484	DEC	F.QOZ09	50.75	72,792	16,474	1,217	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.