

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

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ENERGY MATRIX - NYMEX PRODUCTS

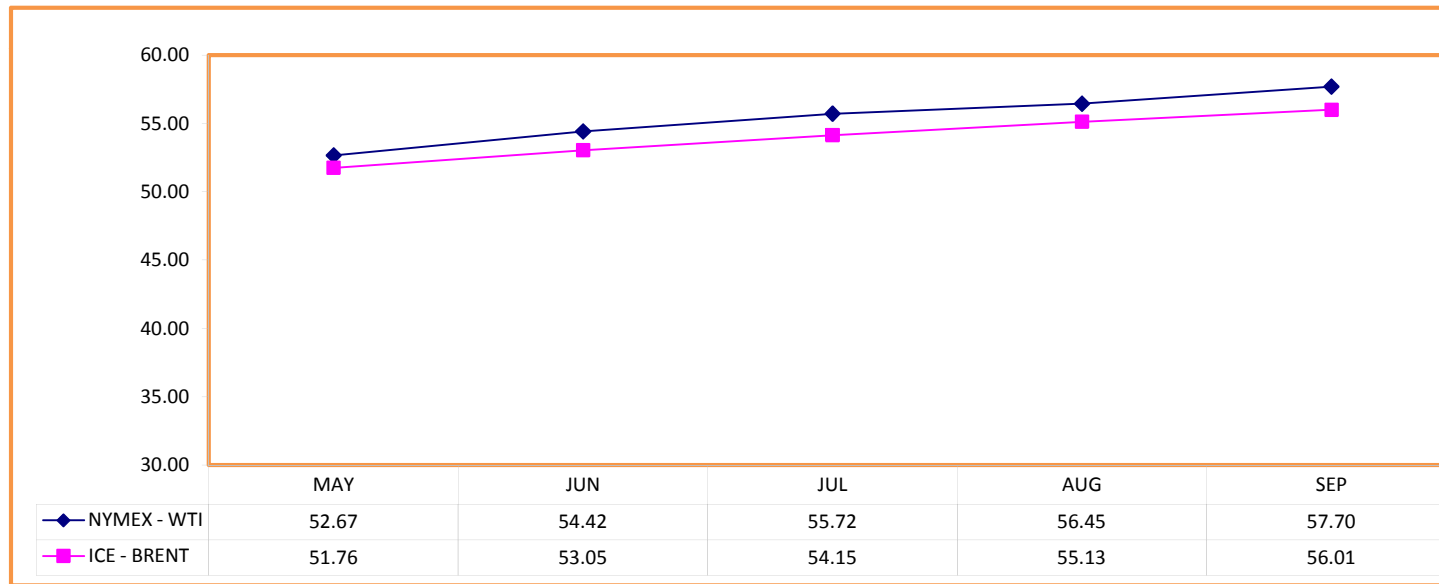
NYMEX	Last	NET	High	Low	Open	Volume	Yest. Vol	SYM Name
CLA	52.67	0.6	52.9	52.07	52.13	11,434	351,508	WTI Crude
HOA	139.59	1.25	140	138.85	138.85	772	71,590	Heating Oil
RBA	148.7	1.37	149.75	147.5	147.5	515	56,585	Unleaded Gas
NGA	42.5	0.23	42.55	41.83	41.9	1,374	141,263	Natural Gas

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.CLAJ09	51.55	na	30,265	0	APR	F.QOJ09	#VALUE!				
F.CLAK09	52.67	na	180,152	8,472	MAY	F.QOK9	51.76	0	78,278	14,651	MAY
F.CLAM09	54.42	na	56,496	3,072	JUN	F.QOM9	53.05	0		9,058	JUN
F.CLAN09	55.72	na	16,428	1,084	JUL	F.QON09	54.15	0	19,117	4,516	JUL
F.CLAQ09	56.45	na	6,185	206	AUG	F.QOQ09	55.13	0	10,791	2,384	AUG
F.CLAU09	57.70	na	7,672	156	SEP	F.QOU09	56.01	0	8,343	1,369	SEP
F.CLAV09	58.75	na	5,872	125	OCT	F.QOV09	56.89	0	6,329	1,000	OCT
F.CLAX09	58.72	na	5,502	94	NOV	F.QOX09	57.88	0	4,597	526	NOV
F.CLAZ09	60.16	na	23,235	295	DEC	F.QOZ09	58.52	0	15,865	1,272	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.