

## 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	53.51	-0.83	54.28	53.37	54	9,947	340,448	WTI Crude
HOA	146.97	-1.38	148.94	147.33	148.31	1,127	75,882	Heating Oil
RBA	152	-2.7	154.55	151.66	154.55	633	58,449	Unleaded Gas
NGA	39.19	-0.28	39.42	38.97	39.42	667	228,852	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. ComdyECO  
 9<G0> to set as default calendar

1) Custom Calendars 2) Options Economic Calendars

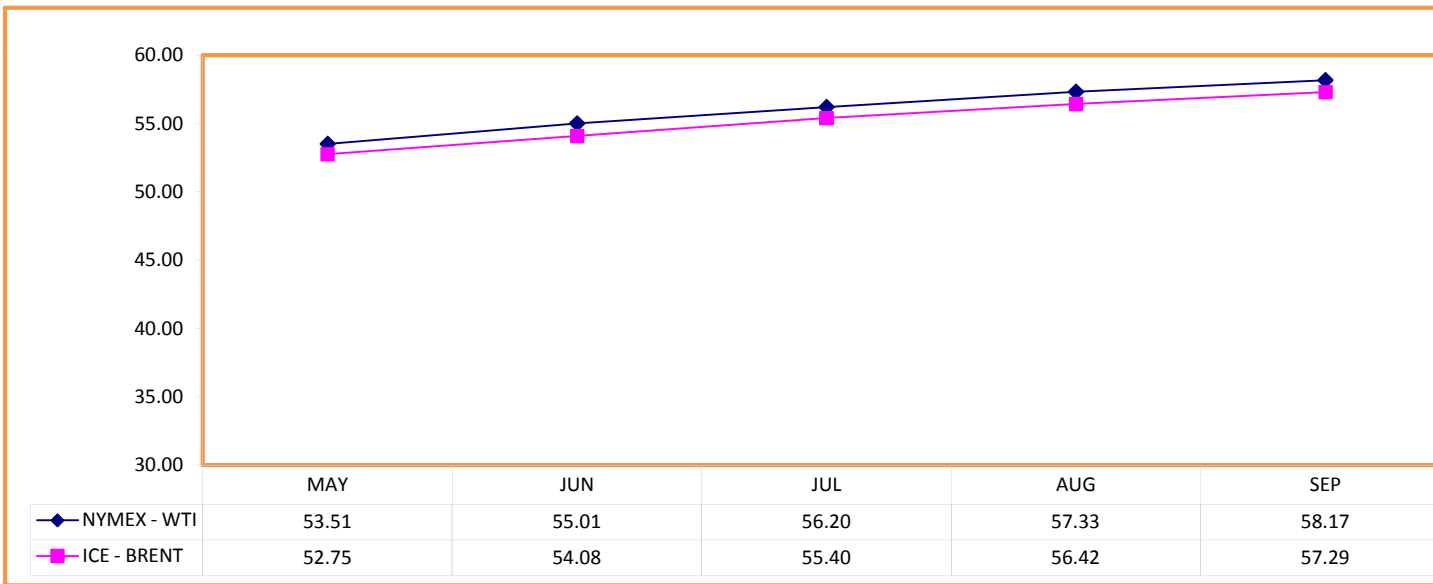
Region North America Country United States Type Energy / Commodities  
 Date 03/26/09 05:22:46 United States: Energy / Commodities

	Date	Time	A M	Event	Period	Survey	Actual	Prior	Revised
25)	03/26	09:30		<input checked="" type="checkbox"/> EIA Natural Gas Storage Change	MAR 20	-10	--	-30	--
26)	03/27	12:00		<input checked="" type="checkbox"/> Baker Hughes U.S. Rig Count	MAR 27	--	--	1085	--
27)	03/31	15:30		<input checked="" type="checkbox"/> API U.S. Crude Oil Inventories	MAR 27	--	--	4577K	--
28)	03/31	15:30		<input checked="" type="checkbox"/> API U.S. Gasoline Inventories	MAR 27	--	--	-805K	--
29)	03/31	15:30		<input checked="" type="checkbox"/> API U.S. Distillate Inventory	MAR 27	--	--	-1575K	--
30)	04/01	09:30		<input checked="" type="checkbox"/> DOE U.S. Crude Oil Inventories	MAR 27	--	--	3302K	--
31)	04/01	09:30		<input checked="" type="checkbox"/> DOE U.S. Gasoline Inventories	MAR 27	--	--	-1144K	--
32)	04/01	09:30		<input checked="" type="checkbox"/> DOE U.S. Distillate Inventory	MAR 27	--	--	-1584K	--
33)	04/01	09:30		<input checked="" type="checkbox"/> DOE U.S. Heat Oil Inventories	MAR 27	--	--	1014K	--
34)	04/01	09:30		<input checked="" type="checkbox"/> DOE U.S. Refinery Utilization	MAR 27	--	--	-0.13%	--
35)	04/01	09:30		<input checked="" type="checkbox"/> DOE Cushing OK Crude Inventory	MAR 27	--	--	-2211K	--
36)	04/01	09:30		<input checked="" type="checkbox"/> DOE Crude Oil Implied Demand	MAR 27	--	--	14344	--
37)	04/01	09:30		<input checked="" type="checkbox"/> DOE Gasoline Implied Demand	MAR 27	--	--	9244.0	--
38)	04/01	09:30		<input checked="" type="checkbox"/> DOE Distillate Implied Demand	MAR 27	--	--	4388.0	--
39)	04/02	09:30		<input checked="" type="checkbox"/> EIA Natural Gas Storage Change	MAR 27	--	--	--	--
40)	04/03	12:00		<input checked="" type="checkbox"/> Baker Hughes U.S. Rig Count	APR 3	--	--	--	--
41)	04/07	15:30		<input checked="" type="checkbox"/> API U.S. Crude Oil Inventories	APR 3	--	--	--	--
42)	04/07	15:30		<input checked="" type="checkbox"/> API U.S. Gasoline Inventories	APR 3	--	--	--	--
43)	04/07	15:30		<input checked="" type="checkbox"/> API U.S. Distillate Inventory	APR 3	--	--	--	--

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.CLAJ09	51.55	na				F.QOJ09	43.77				
F.CLAK09	53.51	na	181,910	7,009	MAY	F.QOK09	52.75	140,842	87,880	10,505	
F.CLAM09	55.01	na	59,249	1,860	JUN	F.QOM09	54.08	144,754		3,583	
F.CLAN09	56.20	na	18,405	1,123	JUL	F.QON09	55.40	0	19,041	320	
F.CLAQ09	57.33	na	6,334	191	AUG	F.QOQ09	56.42	0	9,278	150	
F.CLAU09	58.17	na	5,060	69	SEP	F.QOU09	57.29	0	4,892	74	
F.CLAV09	59.35	na	3,696	49	OCT	F.QOV09	58.10	0	3,197	49	
F.CLAX09	60.31	na	3,239	90	NOV	F.QOX09	58.91	0	3,257	63	
F.CLAZ09	60.65	na	12,144	132	DEC	F.QOZ09	59.74	0	10,707	16	



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.