

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	57.86	1.15	57.94	56.15	56.5	16,101	629,474	WTI Crude
HOA	150.63	2.11	150.82	146.83	148.25	1,170	100,117	Heating Oil
RBA	169.35	2.8	170.49	166.1	166.2	2,263	112,725	Unleaded Gas
NGA	41.65	0.84	41.86	41.11	41.72	2,183	231,187	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. Corp **ECO**
9<G0> to set as default calendar

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

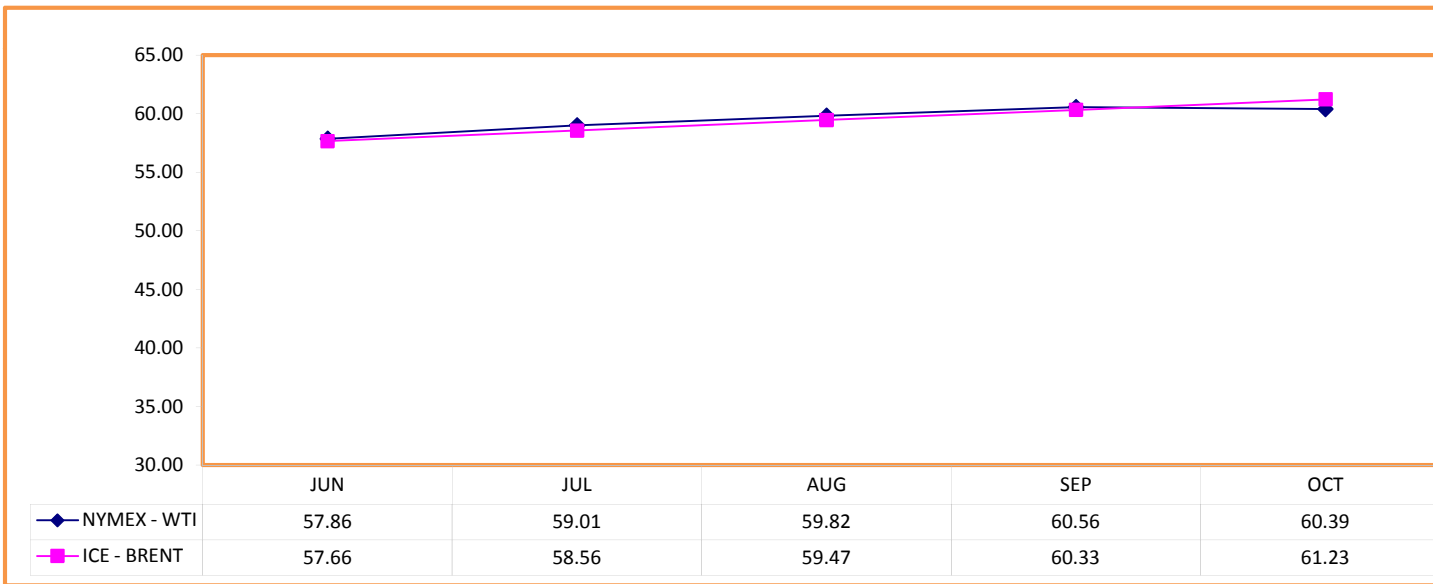
Region **North America** Country **United States** Type **Energy / Commodities**

Date **05/07/09** 05:14:45 **United States: Energy / Commodities**

	Date	Time	A	M	Event	Period	Survey	Actual	Prior	Revised
20)	05/05	15:30			API U.S. Crude Oil Inventories	MAY 1	--	-1004K	4584K	--
21)	05/05	15:30			API U.S. Gasoline Inventories	MAY 1	--	-2900K	-2560K	--
22)	05/05	15:30			API U.S. Distillate Inventory	MAY 1	--	1010K	1581K	--
23)	05/06	09:30			DOE U.S. Crude Oil Inventories	MAY 1	2500K	605K	4053K	--
24)	05/06	09:30			DOE U.S. Gasoline Inventories	MAY 1	550K	-167K	-4695K	--
25)	05/06	09:30			DOE U.S. Distillate Inventory	MAY 1	900K	2428K	1794K	--
26)	05/06	09:30			DOE U.S. Heat Oil Inventories	MAY 1	--	888K	--	--
27)	05/06	09:30			DOE U.S. Refinery Utilization	MAY 1	0.25%	2.65%	-0.77%	--
28)	05/06	09:30			DOE Cushing OK Crude Inventory	MAY 1	--	56K	221K	--
29)	05/06	09:30			DOE Crude Oil Implied Demand	MAY 1	--	15114	14514	--
30)	05/06	09:30			DOE Gasoline Implied Demand	MAY 1	--	9071.0	9299.0	--
31)	05/06	09:30			DOE Distillate Implied Demand	MAY 1	--	4025.0	4020.0	--
32)	05/07	08:00			Dynergy Executives Review Results: Teleconference					
33)	05/07	09:30			EIA Natural Gas Storage Change	MAY 1	94	--	82	--
34)	05/08	12:00			Baker Hughes U.S. Rig Count	MAY 8	--	--	945	--
35)	05/12				DOE Short-Term Crude Outlook	MAY	--	--	63	--
36)	05/12				DOE Short-Term Diesel Outlook	MAY	--	--	2.69	--
37)	05/12				DOE Short-Term Ht Oil Outlook	MAY	--	--	2.62	--
38)	05/12				DOE Short-Term NatGas Outlook	MAY	--	--	11.48	--

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					
	Last	Yest. Open Int	Yest. Volume	Today's Volume	Contract Month		Last	Yest. Open Int	Yest. Volume	Today's Volume	Contract Month
F.CLAM09	57.86	na	330,858	13,290	JUN	F.QOM9	57.66	0	124,380	18,821	JUN
F.CLAN09	59.01	na	146,190	4,764	JUL	F.QON09	58.56	0	101,575	15,412	JUL
F.CLAQ09	59.82	na	50,726	1,851	AUG	F.QOQ09	59.47	0	58,485	188	AUG
F.CLAU09	60.56	na	24,461	938	SEP	F.QOU09	60.33	0	21,269	101	SEP
F.CLAV09	60.39	na	14,242	500	OCT	F.QOV09	61.23	0	12,434	76	OCT
F.CLAX09	62.13	na	9,122	406	NOV	F.QOX09	62.03	0	8,743	26	NOV
F.CLAZ09	63.17	na	29,702	790	DEC	F.QOZ09	62.86	0	24,075	2,995	DEC
F.CLAF10	62.72	na	1,933	42	JAN	F.QOF10	63.12	0	3,350	9	JAN
F.CLAG10	63.34	na	831	39	FEB	F.QOG10	63.77	0	1,370	91	FEB



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.