

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	60.62	0.52	60.75	59.86	60.18	14,330	384,244	WTI Crude
HOA	149.45	0.79	149.99	148.4	149	479	73,049	Heating Oil
RBA	184.3	3.05	185.3	182.5	182.5	2,908	125,387	Unleaded Gas
NGA	39.14	0	39.46	38.87	39.39	1,595	208,876	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.

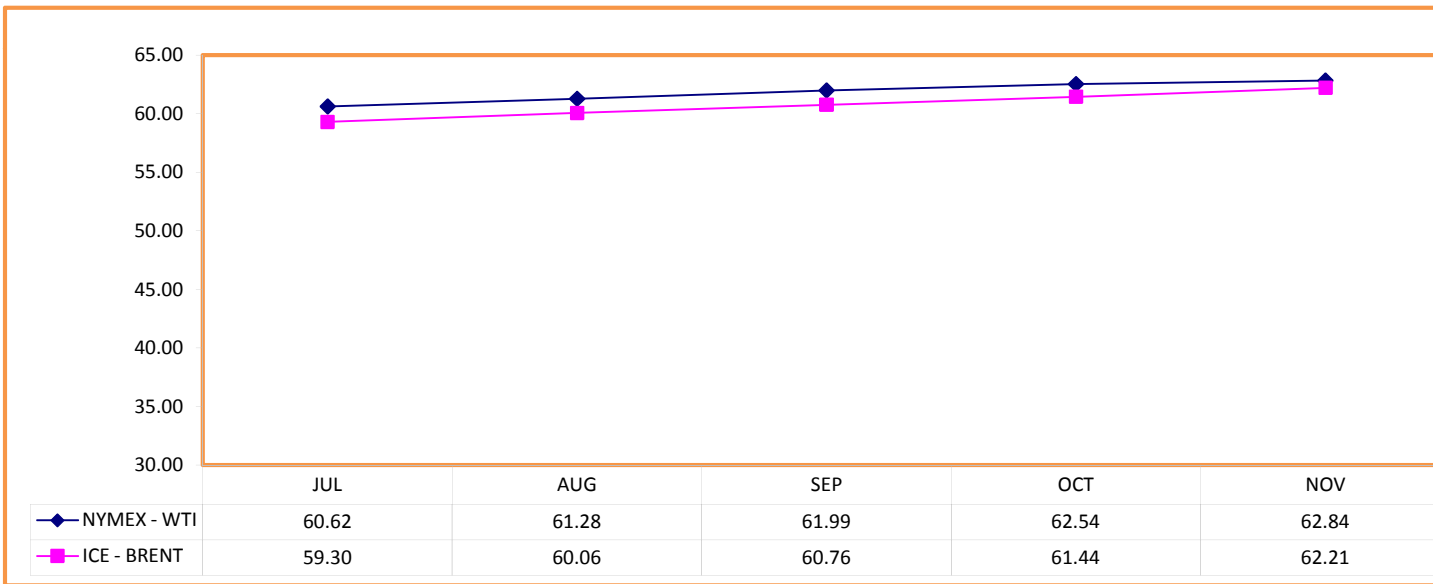
Economic Release Estimates, from Bloomberg

<HELP> for explanation. Curren**Y**ECO
 9<GO> to set as default calendar

1) Custom Calendars		2) Settings		3) Aler		Economic Calendars	
Region	North America	Country	United States	Type	Energy / Commoditie		
Date	05/20/09	05:23:56		United States: Energy / Commodities			
Date	Time A M	Event	Period	Survey	Actual	Prior	Revised
22)	05/19 15:30	API U.S. Crude Oil Inventories	MAY 15	--	-4468K	-3130K	--
23)	05/19 15:30	API U.S. Gasoline Inventories	MAY 15	--	-5366K	-2006K	--
24)	05/19 15:30	API U.S. Distillate Inventory	MAY 15	--	1412K	-1757K	--
25)	05/20 09:30	DOE U.S. Crude Oil Inventories	MAY 15	-1150K	--	-4629K	--
26)	05/20 09:30	DOE U.S. Gasoline Inventories	MAY 15	-1350K	--	-4154K	--
27)	05/20 09:30	DOE U.S. Distillate Inventory	MAY 15	1200K	--	922K	--
28)	05/20 09:30	DOE U.S. Heat Oil Inventories	MAY 15	--	--	1051K	--
29)	05/20 09:30	DOE U.S. Refinery Utilization	MAY 15	0.50%	--	-1.62%	--
30)	05/20 09:30	DOE Cushing OK Crude Inventory	MAY 15	--	--	-993K	--
31)	05/20 09:30	DOE Crude Oil Implied Demand	MAY 15	--	--	14675	--
32)	05/20 09:30	DOE Gasoline Implied Demand	MAY 15	--	--	9059.0	--
33)	05/20 09:30	DOE Distillate Implied Demand	MAY 15	--	--	4204.0	--
34)	05/21 09:30	EIA Natural Gas Storage Change	MAY 15	95	--	95	--
35)	05/22 12:00	Baker Hughes U.S. Rig Count	MAY 22	--	--	918	--
36)	05/27 09:30	DOE Crude Oil Implied Demand	MAY 22	--	--	--	--
37)	05/27 09:30	DOE Gasoline Implied Demand	MAY 22	--	--	--	--
38)	05/27 15:30	API U.S. Crude Oil Inventories	MAY 22	--	--	-4468K	--
39)	05/27 15:30	API U.S. Gasoline Inventories	MAY 22	--	--	-5366K	--
40)	05/27 15:30	API U.S. Distillate Inventory	MAY 22	--	--	1412K	--

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		
Last	Open Int	Volume	Volume	Month	Last	Open Int	Volume	Volume	Month		
F.CLAM09	59.65	na	32,614	0	JUN	F.QOM9	#VALUE!				
F.CLAN09	60.62	na	236,444	12,978	JUL	F.QON09	59.30	171,264	121,963	21,917	JUL
F.CLAQ09	61.28	na	50,344	2,681	AUG	F.QOQ09	60.06	102,103	65,674	17,621	AUG
F.CLAU09	61.99	na	21,078	1,127	SEP	F.QOU09	60.76	67,941	34,469	13,802	SEP
F.CLAV09	62.54	na	7,396	268	OCT	F.QOV09	61.44	32,674	14,347	6,501	OCT
F.CLAX09	62.84	na	4,638	140	NOV	F.QOX09	62.21	18,236	7,577	3,170	NOV
F.CLAZ09	63.82	na	18,769	424	DEC	F.QOZ09	62.84	87,425	15,663	4,002	DEC
F.CLAF10	64.42	na	1,540	65	JAN	F.QOF10	63.24	20,147	3,500	1,127	JAN
F.CLAG10	64.54	na	783	43	FEB	F.QOG10	63.36	9,986	1,953	571	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.