

## 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	60.94	-1.1	61.87	60.51	61.68	19,514	419,135	WTI Crude
HOA	150.67	-3.44	153.6	150.2	152.77	1,375	93,413	Heating Oil
RBA	175.02	-2.86	177.49	174.39	175.73	2,924	133,831	Unleaded Gas
NGA	38.93	-0.77	40.03	38.93	40.03	2,032	162,129	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.

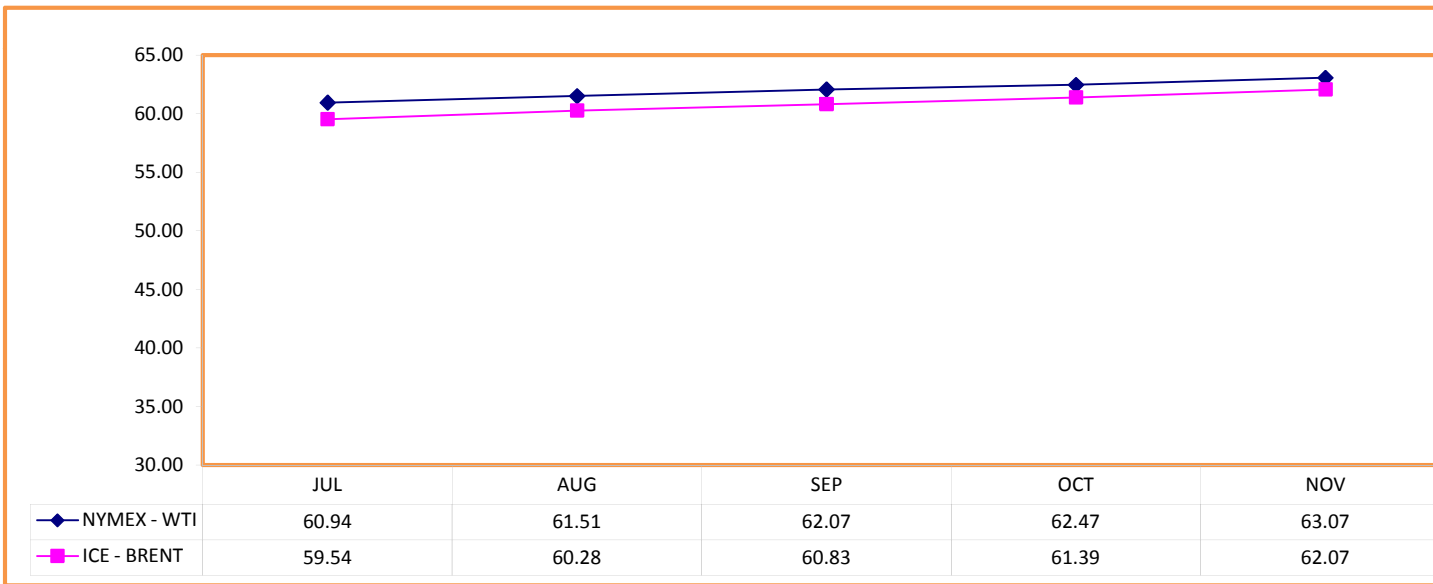
Economic Release Estimates, from Bloomberg

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

1) Custom Calendars		2) Settings		3) AI		Economic Calendars	
Region	North America	Country	United States	Type	Energy / Commoditie	United States: Energy / Commodities	
Date	05/21/09		05:19:46				
Date	Time A M	Event	Period	Survey	Actual	Prior	Revised
25)	05/21 09:30	EIA Natural Gas Storage Change	MAY 15	94	-	95	--
26)	05/22 12:00	Baker Hughes U.S. Rig Count	MAY 22	--	--	918	--
27)	05/27 09:30	DOE Crude Oil Implied Demand	MAY 22	--	--	14444	--
28)	05/27 09:30	DOE Gasoline Implied Demand	MAY 22	--	--	9380.0	--
29)	05/27 15:30	API U.S. Crude Oil Inventories	MAY 22	--	--	-4468K	--
30)	05/27 15:30	API U.S. Gasoline Inventories	MAY 22	--	--	-5366K	--
31)	05/27 15:30	API U.S. Distillate Inventory	MAY 22	--	--	1412K	--
32)	05/28 09:30	EIA Natural Gas Storage Change	MAY 22	--	--	--	--
33)	05/28 10:00	DOE U.S. Crude Oil Inventories	MAY 22	--	--	-2105K	--
34)	05/28 10:00	DOE U.S. Gasoline Inventories	MAY 22	--	--	-4337K	--
35)	05/28 10:00	DOE U.S. Distillate Inventory	MAY 22	--	--	672K	--
36)	05/28 10:00	DOE U.S. Heat Oil Inventories	MAY 22	--	--	241K	--
37)	05/28 10:00	DOE U.S. Refinery Utilization	MAY 22	--	--	-1.89%	--
38)	05/28 10:00	DOE Cushing OK Crude Inventory	MAY 22	--	--	794K	--
39)	05/29 09:30	DOE Distillate Implied Demand	MAY 22	--	--	4209.0	--
40)	05/29 12:00	Baker Hughes U.S. Rig Count	MAY 29	--	--	--	--
41)	06/02 15:30	API U.S. Crude Oil Inventories	MAY 29	--	--	--	--
42)	06/02 15:30	API U.S. Gasoline Inventories	MAY 29	--	--	--	--
43)	06/02 15:30	API U.S. Distillate Inventory	MAY 29	--	--	--	--

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	Yest. Int Volume	Today's Volume	Contract Month	Last	Yest. Open	Yest. Int Volume	Today's Volume	Contract Month	
F.CLAM09	59.65	na				F.QOM09	#VALUE!				
F.CLAN09	60.94	na	253,112	18,541	JUL	F.QON09	59.54	171,837	111,005	29,151	JUL
F.CLAQ09	61.51	na	74,370	3,076	AUG	F.QOQ09	60.28	107,275	67,515	14,938	AUG
F.CLAU09	62.07	na	29,282	787	SEP	F.QOU09	60.83	68,983	43,728	8,482	SEP
F.CLAV09	62.47	na	10,417	361	OCT	F.QOV09	61.39	34,178	18,191	3,633	OCT
F.CLAX09	63.07	na	5,222	230	NOV	F.QOX09	62.07	17,830	10,562	2,122	NOV
F.CLAZ09	63.66	na	25,187	923	DEC	F.QOZ09	62.86	86,849	21,367	3,353	DEC
F.CLAF10	64.75	na	1,800	114	JAN	F.QOF10	63.11	20,622	3,796	694	JAN
F.CLAG10	65.73	na	1,055	119	FEB	F.QOG10	63.67	10,073	1,507	229	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.