

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	61.62	0.57	61.82	61.05	61.05	14,902	347,519	WTI Crude
HOA	155.41	-0.16	156.88	155.38	155.56	462	116,976	Heating Oil
RBA	177.96	0.78	180	177.75	177.8	2,007	108,256	Unleaded Gas
NGA	36.01	-0.02	36.38	35.88	35.95	3,358	218,804	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.

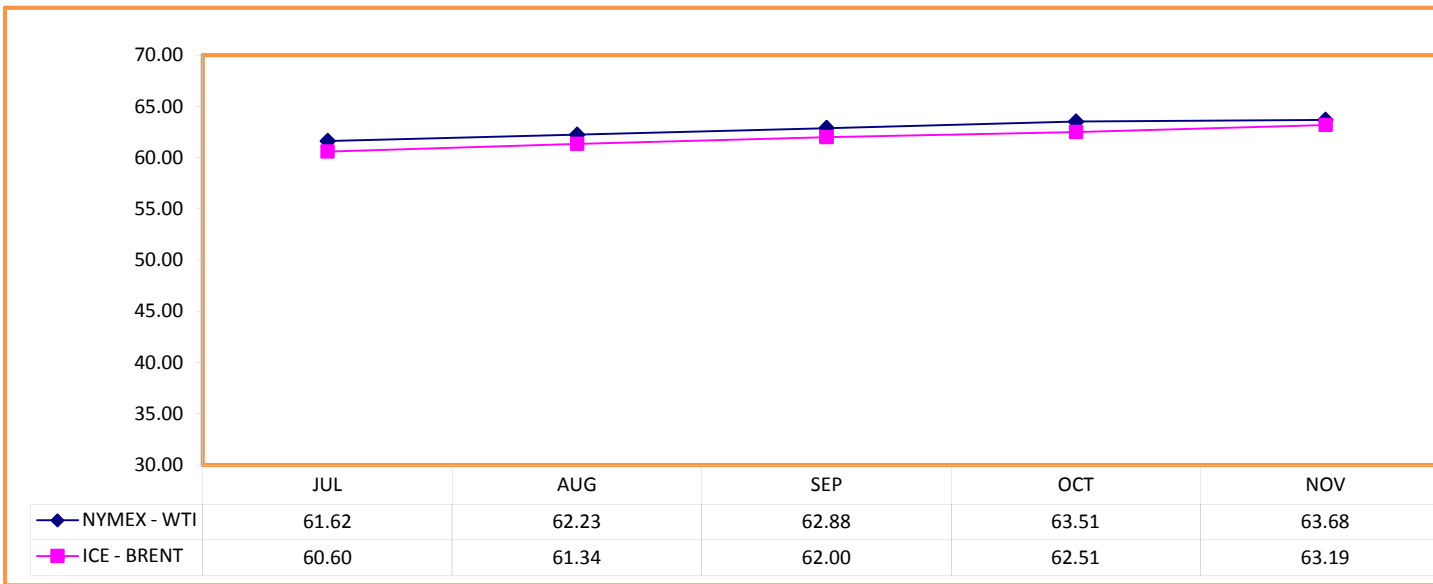
Economic Release Estimates, from Bloomberg

<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		
Date	05/21/09		05:19:46	United States: Energy / Commodities			
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 Int	Yest. Volume	Today's Volume	Contract Month	Last	Yest. Open Int	Yest. Volume	Today's Volume	Contract Month	
F.CLAM09	59.65	na				F.QOM9	#VALUE!				
F.CLAN09	61.62	na	219,327	12,908	JUL	F.QON09	60.60	168,862	97,158	18,084	JUL
F.CLAQ09	62.23	na	56,296	2,990	AUG	F.QOQ09	61.34	111,220	48,694	7,978	AUG
F.CLAU09	62.88	na	23,512	931	SEP	F.QOU09	62.00	67,676	35,302	3,225	SEP
F.CLAV09	63.51	na	8,040	345	OCT	F.QOV09	62.51	33,470	15,653	1,563	OCT
F.CLAX09	63.68	na	5,507	320	NOV	F.QOX09	63.19	18,998	9,897	1,130	NOV
F.CLAZ09	64.54	na	20,431	559	DEC	F.QOZ09	63.85	89,949	17,452	2,081	DEC
F.CLAF10	64.49	na	1,962	158	JAN	F.QOF10	63.89	22,077	4,571	446	JAN
F.CLAG10	65.02	na	1,152	108	FEB	F.QOG10	64.44	10,521	2,263	94	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.