

## 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
<b>CLA</b>	63.39	-0.06	63.59	62.75	62.91	14,709	399,144	WTI Crude
<b>HOA</b>	158.99	0.16	158.99	157.5	157.7	549	77,826	Heating Oil
<b>RBA</b>	183.68	-1.9	184.16	183.6	183.76	1,440	75,749	Unleaded Gas
<b>NGA</b>	36.45	-0.3	36.47	36.01	36.3	916	133,411	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

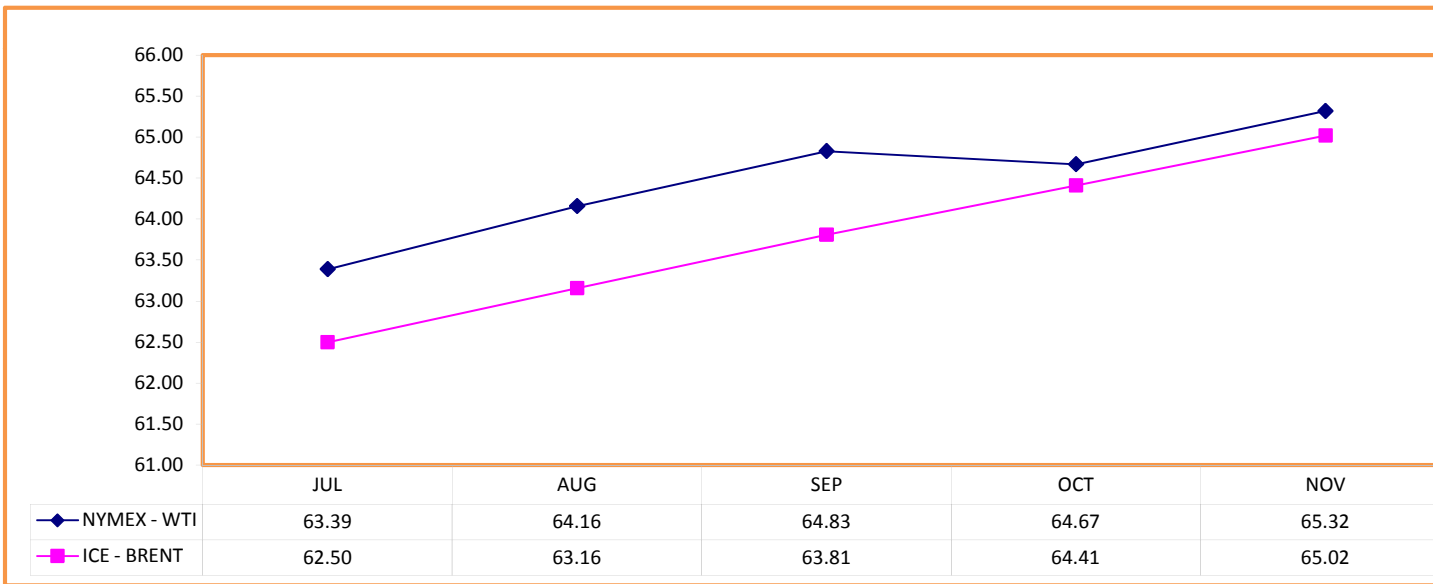
<HELP> for explanation. Index ECO  
 9<G0> to set as default calendar

1) Custom Calendars		2) Settings		3) Alerts		Economic Calendars	
Region	North America	Country	United States	Type	Energy / Commodities		
Date	05/28/09		05:20:50	United States: Energy / Commodities			
Date	Time A M	Event	Period	Survey	Actual	Prior	Revised
13)	05/27 09:00	Exxon Mobil Annual Shareholders Meeting					
14)	05/27 15:30	API U.S. Crude Oil Inventories	MAY 22	--	-2821K	-4468K	--
15)	05/27 15:30	API U.S. Gasoline Inventories	MAY 22	--	-758K	-5366K	--
16)	05/27 15:30	API U.S. Distillate Inventory	MAY 22	--	1420K	1412K	--
17)	05/28 09:30	EIA Natural Gas Storage Change	MAY 22	110	--	103	--
18)	05/28 10:00	DOE U.S. Crude Oil Inventories	MAY 22	-150K	--	-2105K	--
19)	05/28 10:00	DOE U.S. Gasoline Inventories	MAY 22	-1300K	--	-4337K	--
20)	05/28 10:00	DOE U.S. Distillate Inventory	MAY 22	1000K	--	672K	--
21)	05/28 10:00	DOE U.S. Heat Oil Inventories	MAY 22	--	--	241K	--
22)	05/28 10:00	DOE U.S. Refinery Utilization	MAY 22	0.40%	--	-1.89%	--
23)	05/28 10:00	DOE Cushing OK Crude Inventory	MAY 22	--	--	794K	--
24)	05/28 10:00	DOE Crude Oil Implied Demand	MAY 22	--	--	14444	--
25)	05/28 10:00	DOE Gasoline Implied Demand	MAY 22	--	--	9380.0	--
26)	05/29 09:30	DOE Distillate Implied Demand	MAY 22	--	--	4209.0	--
27)	05/29 12:00	Baker Hughes U.S. Rig Count	MAY 29	--	--	900	--
28)	06/02 15:30	API U.S. Crude Oil Inventories	MAY 29	--	--	-2821K	--
29)	06/02 15:30	API U.S. Gasoline Inventories	MAY 29	--	--	-758K	--
30)	06/02 15:30	API U.S. Distillate Inventory	MAY 29	--	--	1420K	--
31)	06/03 09:30	DOE U.S. Crude Oil Inventories	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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Spreads - WTI and BRENT

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.CLAN09	63.39	na	242,869	11,795	JUL	F.QON09	62.50	160,192	102,957	21,175	JUL
F.CLAQ09	64.16	na	60,453	2,676	AUG	F.QOQ09	63.16	114,535	49,923	9,095	AUG
F.CLAU09	64.83	na	19,603	1,266	SEP	F.QOU09	63.81	0	24,978	0	SEP
F.CLAV09	64.67	na	11,248	339	OCT	F.QOV09	64.41	0	12,747	3	OCT
F.CLAX09	65.32	na	6,565	209	NOV	F.QOX09	65.02	0	8,903	3	NOV
F.CLAZ09	66.20	na	29,782	518	DEC	F.QOZ09	65.60	0	15,764	1,899	DEC
F.CLAF10	66.62	na	2,066	1	JAN	F.QOF10	66.32	0	4,169	0	JAN
F.CLAG10	66.55	na	1,594	2	FEB	F.QOG10	66.40	0	2,842	18	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.