

## The Morning Email: Oil

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## ENERGY MATRIX - NYMEX PRODUCTS

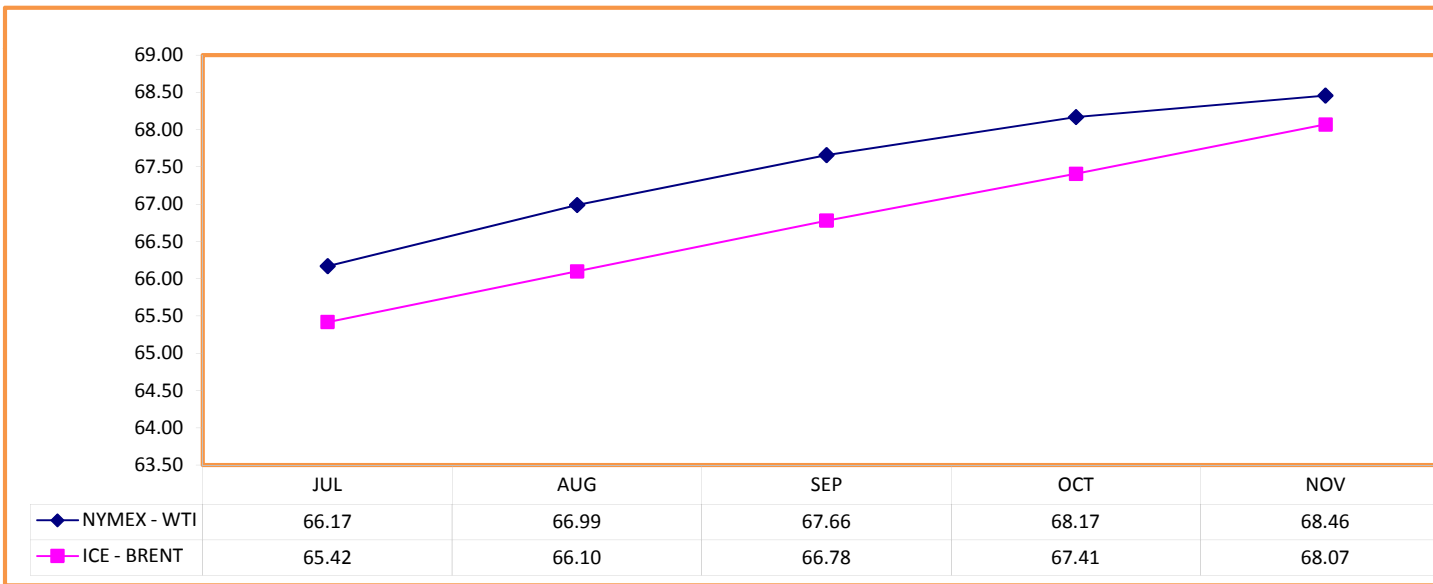
NYMEX	Last	NET	High	Low	Open	Volume	Yest. Vol	SYM Name
CLA	66.17	1.09	66.25	64.68	64.77	25,016	454,287	WTI Crude
HOA	166.48	3.43	166.48	162.37	163	1,245	95,623	Heating Oil
RBA	189.5	2.09	189.5	186.5	187.3	1,127	116,370	Unleaded Gas
NGA	40.47	0.9	40.48	39.28	39.8	3,784	198,992	Natural Gas

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**

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	66.17	na	281,439	16,554	JUL	F.QON09	65.42	157,259	110,868	24,623	JUL
F.CLAQ09	66.99	na	79,731	2,814	AUG	F.QOQ09	66.10	118,268	59,663	11,247	AUG
F.CLAU09	67.66	na	32,704	1,517	SEP	F.QOU09	66.78	0	25,522	997	SEP
F.CLAV09	68.17	na	14,571	403	OCT	F.QOV09	67.41	0	14,535	839	OCT
F.CLAX09	68.46	na	9,639	227	NOV	F.QOX09	68.07	0	10,646	820	NOV
F.CLAZ09	69.25	na	38,121	1,446	DEC	F.QOZ09	68.73	0	20,884	1,152	DEC
F.CLAF10	68.40	na	5,777	198	JAN	F.QOF10	69.33	0	5,041	255	JAN
F.CLAG10	68.53	na	3,994	138	FEB	F.QOG10	69.47	0	2,221	95	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.