



The Morning Email: Oil

Table of Contents

- Pg 1 Quotes
- Pg 2 News - Today
- Pg 3 Economic Releases
- Pg 4 Correlations & R-Squared
- Pg 5 Spreads - WTI and BRENT
- Pg 6 Commitments of Traders

MarketNews
international

11:15 08/16 **ENERGY:** US EIA nat gas data for Aug 10 week: "Working gas in storage was 2,903 Bcf as of Friday, August 10, 2007, according to EIA estimates. This represents a net increase of 21 Bcf from the previous week. Stocks were 108 Bcf higher than last year at this time and 371 Bcf above the 5-year average of 2,532 Bcf. In the East Region, stocks were 143 Bcf above the 5-year average following net injections of 29 Bcf. Stocks in the Producing Region were 170 Bcf above the 5-year average of 749 Bcf after a net withdrawal of 13 Bcf. Stocks in the West Region were 58 Bcf above the 5-year average after a net addition of 5 Bcf. At 2,903 Bcf, total working gas is above the 5-year historical range.

Want something added? Let me know: jgoulding@ghco.com

Disclaimer: All information within this newsletter is meant for internal use at GH Trader's LLC, only. All information has been recorded to the best of my ability. This material is based upon information that I consider reliable, but I do not represent that it is accurate or complete.

| NYMEX | Last | Net | Hi | Low | Open | Volume | Yest. Volume | SYM NAME |
|-------|--------|---------|---------|---------|---------|--------|--------------|--------------|
| CLA | 69.78 | 0.21 | 69.78 | 69.61 | 69.64 | 67,608 | 393,635 | Crude Oil |
| HOA | 1.9620 | 0.0100 | 1.9625 | 1.9594 | 1.9596 | 57,665 | 57,524 | Heating Oil |
| RBOB | 1.8695 | 0.0058 | 1.8695 | 1.8685 | 1.8695 | 22,755 | 90,610 | Unleaded Gas |
| NGA | 5.862 | #VALUE! | #VALUE! | #VALUE! | #VALUE! | 89,361 | 121,713 | Nat Gas |

All contracts quoted are electronic

News recap from Bloomberg, MNI & DJNW

Oil Gains, Remains Near a Seven-Week Low as Dean Hits Mexico

2007-08-22 05:37 (New York)

By Grant Smith and Christian Schmollinger

Aug. 22 (Bloomberg) -- Crude oil gained, remaining near a seven-week low in New York, as Hurricane Dean passed over Mexican oil fields in the Bay of Campeche.

Petroleos Mexicanos, Mexico's state oil company, evacuated almost 20,000 offshore workers and halted 80 percent of its output before Dean struck the Yucatan Peninsula. Dean eased to Category strength after it hit the peninsula, the U.S. National Hurricane Center said.

"The threat from Hurricane Dean is mostly gone," said Olivier Jakob, the managing director at Petromatrix GmbH in Zug, Switzerland. "The threat it's done substantial damage to oil installations is very minimal: they're built to withstand a Category 1."

Crude oil for October delivery rose as much as 43 cents, or 0.6 percent, to \$69.90 a barrel and was trading at \$69.80 on the New York Mercantile Exchange at 9:50 a.m. in London. Brent oil for October settlement was at \$68.89, up 20 cents, on London's ICE futures exchange.

Contracts in New York fell \$1.39, or 2 percent, to \$69.57 yesterday. September crude, which expired yesterday, fell 2.3 percent to \$69.47, the lowest close for a front-month contract since June 27.

"We'll probably see in the next few weeks the full impact of Dean," said Pierre Martin, fund manager at Deutsche Bank AG's DWS Investment GmbH. "Oil prices will probably move higher in the next few weeks."

Tracking Dean

Dean, with winds near 80 miles an hour, was in the Bay of Campeche about 120 miles (190 kilometers) east-northeast of Veracruz at 4 a.m. Veracruz time, the hurricane center said on its Web site. Dean is moving west-northwest at about 20 miles an hour and should make landfall between Tampico and Veracruz later today, the center said. New York oil prices have dropped 11 percent from the record \$78.77 they reached Aug. 1.

Prices rose last week as Dean approached the Gulf of Mexico, home to more than a quarter of U.S. oil production, and the U.S. Federal Reserve cut lending rates to stabilize equity and credit markets. "I don't think it will fall much more," and prices may even rebound, said Rafael Rico, an analyst at Fortis Bank in Madrid. "The hurricane season lasts until the end of November, so we still have time for them to affect crude prices."

New Investor

Oil also gained after the Federal Reserve cut its bank lending rates last week, after worries about rising loan defaults helped push the Standard & Poor's 500 stock index to a five-month low. Another rate cut by the Fed probably wouldn't help raise oil prices, said Petromatrix's Jakob.

"For commodities, some of the damage has been done, but we're still going to see reviews on how much money is allocated to investments in commodities" Jakob said.

Home lenders in the U.S., the world's biggest economy, sent 179,599 notices of default, scheduled auctions or ordered bank repossessions last month, 93 percent more than a year earlier, Irvine, California-based RealtyTrac Inc. said yesterday.

An Energy Department report today will probably show U.S. crude oil stockpiles declined for a seventh week, down 2.8 million barrels, according to a Bloomberg survey. Inventories held 335.2 million barrels a week earlier, 10 percent more than the five-year average, the department said last week.

Another fall in crude stockpiles may trigger selling by funds getting out of commodities while cashing in on the short-term gain in prices, Jakob said. Shrinking inventories are also unlikely to encourage a supply increase by the Organization of Petroleum Exporting Countries at its next meeting, he said.

"We're coming from an overhang of crude oil stocks in the U.S. and reducing the deficit of products, so we're not in a situation that could be called a shortage" said Jakob. "I don't think OPEC will do much -- they're quietly leaking oil into the market, so it doesn't serve any purpose to say they're adding production."

--With reporting by Maria Leaniz in Madrid, Jeremy Naylor and Naga Munchetty in London, Gavin Evans in Wellington and Mark Shenk in New York. Editor: King

To contact the reporters on this story: Grant Smith in London at +44-20-7330-7353 or gsmith52@bloomberg.net

To contact the editor responsible for this story: Stephen Voss on +44-20-7073-3520 or sev@bloomberg.net

Economic Release Estimates, from Bloomberg

<HELP> for explanation. P2P215 ComdtyECO

Change Calendar Change Date Voice Alerts Output Results To

08/22/0 United States Energy / Commodities

| Date Time | Event | Survey | Actual | Prior | Revised |
|---------------|---|--------|--------|--------|---------|
| 8/22 9:30 US | 1) DOE U.S. Crude Oil Inventories AUG 17 | -2750K | -- | -5167K | -- |
| 8/22 9:30 US | 2) DOE U.S. Gasoline Inventories AUG 17 | -800K | -- | -1057K | -- |
| 8/22 9:30 US | 3) DOE U.S. Distillate Inventory AUG 17 | 850K | -- | 153K | -- |
| 8/22 9:30 US | 4) DOE U.S. Refinery Utilization AUG 17 | 0.28% | -- | 0.58% | -- |
| 8/22 9:30 US | 5) API U.S. Crude Oil Inventories AUG 17 | -- | -- | -2515K | -- |
| 8/22 9:30 US | 6) API U.S. Gasoline Inventories AUG 17 | -- | -- | -761K | -- |
| 8/22 9:30 US | 7) API U.S. Distillate Inventory AUG 17 | -- | -- | -222K | -- |
| 8/23 9:30 US | 8) EIA Natural Gas Storage Change AUG 17 | 29 | -- | 21 | -- |
| 8/24 12:00 US | 9) Baker Hughes U.S. Rig Count AUG 24 | -- | -- | 1795 | -- |
| 8/29 9:30 US | 10) DOE U.S. Crude Oil Inventories AUG 24 | -- | -- | -- | -- |
| 8/29 9:30 US | 11) DOE U.S. Gasoline Inventories AUG 24 | -- | -- | -- | -- |
| 8/29 9:30 US | 12) DOE U.S. Distillate Inventory AUG 24 | -- | -- | -- | -- |
| 8/29 9:30 US | 13) DOE U.S. Refinery Utilization AUG 24 | -- | -- | -- | -- |
| 8/29 9:30 US | 14) API U.S. Crude Oil Inventories AUG 24 | -- | -- | -- | -- |
| 8/29 9:30 US | 15) API U.S. Gasoline Inventories AUG 24 | -- | -- | -- | -- |
| 8/29 9:30 US | 16) API U.S. Distillate Inventory AUG 24 | -- | -- | -- | -- |
| 8/30 9:30 US | 17) EIA Natural Gas Storage Change AUG 24 | -- | -- | -- | -- |
| 8/31 12:00 US | 18) Baker Hughes U.S. Rig Count AUG 31 | -- | -- | -- | -- |

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 920410
 Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2007 Bloomberg L.P.
 6649-542-0 22-Aug-07 5:36:54

| Daily Correlations | | | | | |
|--------------------|-------|-------|-------|-------|--------------|
| | CLA | HOA | RBA | NGA | Sym Name |
| CLA | 100.0 | 84.7 | 83.8 | 78.4 | Crude Oil |
| HOA | 84.7 | 100.0 | 86.5 | 61.2 | Heating Oil |
| RBA | 83.8 | 86.5 | 100.0 | 86.9 | unleaded Gas |
| NGA | 78.4 | 61.2 | 86.9 | 100.0 | Nat Gas |

| Daily R-Squared | | | | | |
|-----------------|------|------|------|------|--------------|
| | CLA | HOA | RBA | NGA | Sym Name |
| CLA | | 0.72 | 0.70 | 0.61 | Crude Oil |
| HOA | 0.72 | | 0.75 | 0.37 | Heating Oil |
| RBA | 0.70 | 0.75 | | 0.75 | unleaded Gas |
| NGA | 0.61 | 0.37 | 0.75 | | Nat Gas |

| Daily Correlations | | | | | |
|--------------------|--------|--------|--------|--------|--------------|
| | CLA | HOA | RBA | NGA | Sym Name |
| DJIA | (27.6) | (43.7) | (37.7) | (18.2) | Dow Cash |
| SPC5 | (19.0) | (54.0) | (41.1) | (45.4) | S&P 500 Cash |
| EURUSD | 10.7 | (21.0) | (6.9) | 26.4 | € / \$ |
| EURJPY | 36.2 | (5.8) | 5.9 | 40.3 | € / ¥ |
| USDJPY | 46.5 | 1.3 | 11.5 | 44.8 | \$ / ¥ |

| Daily R-Squared | | | | | |
|-----------------|------|------|------|------|--------------|
| | CLA | HOA | RBA | NGA | Sym Name |
| DJIA | 0.08 | 0.19 | 0.14 | 0.03 | Dow Cash |
| SPC5 | 0.04 | 0.29 | 0.17 | 0.21 | S&P 500 Cash |
| EURUSD | 0.01 | 0.04 | 0.00 | 0.07 | € / \$ |
| EURJPY | 0.13 | 0.00 | 0.00 | 0.16 | € / ¥ |
| USDJPY | 0.22 | 0.00 | 0.01 | 0.20 | \$ / ¥ |

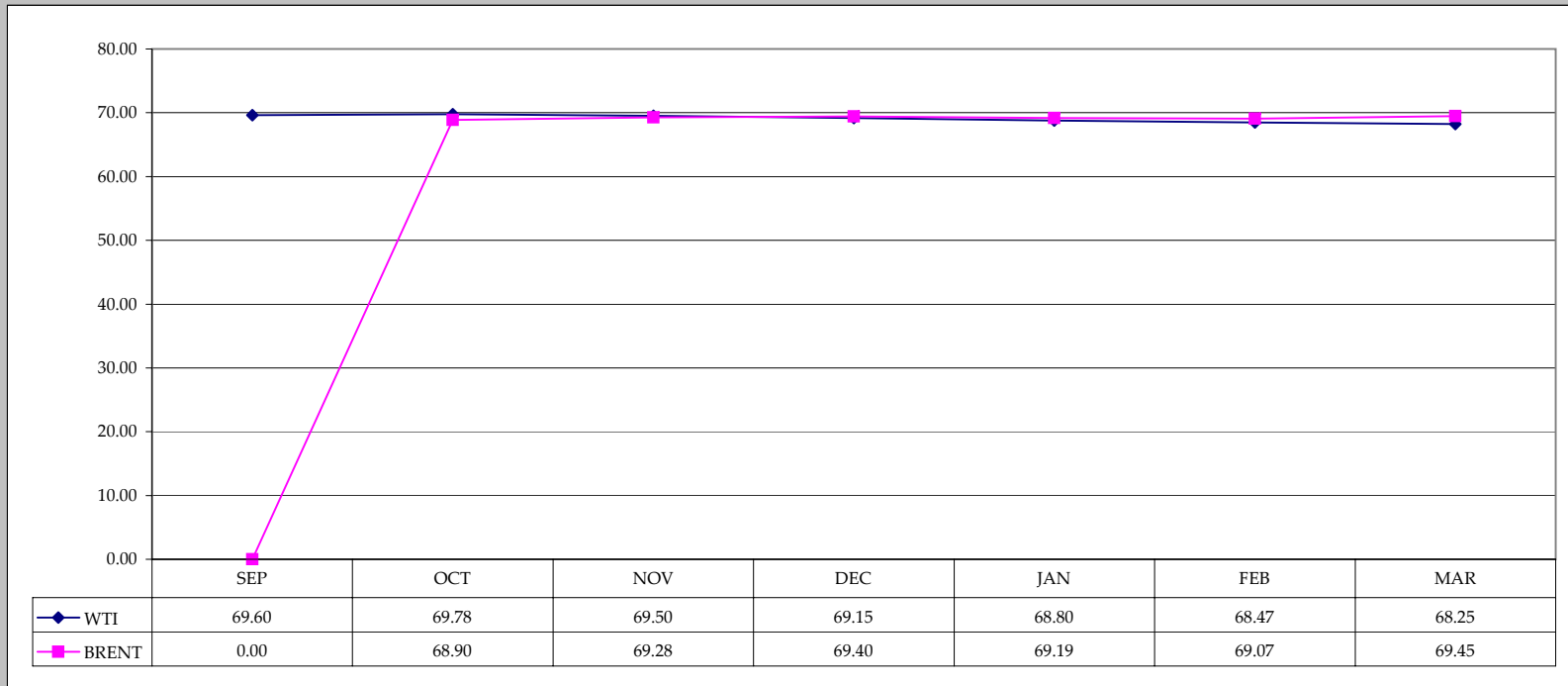
One contract may be correlating with another but does that mean there's causation? Is one causing the other?

That's what the R-Squared is for. You read R-Squared as follows: For example, CLA and DJIA may have an R-Squared of 0.44. That means there's a 44% chance that one is causing the other to correlate. Perhaps CLA is leading DJIA or the other way round.

You will always see a positive number for the R-Squared. If a correlation is a (negative) number, for example, (87.9) that means the two commodities are mirroring each other, not correlating. For example, today (which is 06/06/2007) the RBA and DJIA have a (87.9)% correlation. The R-Squared is 0.77. Therefore the two instruments are mirroring each other 88% of the time and there's a 77% chance that one is causing the other.

| NYMEX - WTI | | | | |
|-------------|-------------|-------------|---------|------------|
| | Yesterday's | Yesterday's | Today's | Contract |
| Last | Open Int | Volume | Volume | Month |
| F.CLAU07 | 69.60 | 0 | 38,303 | 0 SEP |
| F.CLAV07 | 69.78 | 0 | 232,277 | 113 OCT |
| F.CLAX07 | 69.50 | 0 | 55,566 | 40 NOV |
| F.CLAZ07 | 69.15 | 0 | 43,721 | 43,622 DEC |
| F.CLAF08 | 68.80 | 0 | 6,617 | 6,622 JAN |
| F.CLAG08 | 68.47 | 0 | 2,163 | 2,163 FEB |
| F.CLAH08 | 68.25 | 0 | 681 | 681 MAR |
| F.CLAJ08 | 68.21 | 0 | 262 | 262 APR |
| F.CLAK08 | 68.15 | 0 | 146 | 146 MAY |
| F.CLAM08 | 68.09 | 0 | 705 | 705 JUN |

| ICE - BRENT | | | | |
|-------------|-------------|-------------|---------|------------|
| | Yesterday's | Yesterday's | Today's | Contract |
| Last | Open Int | Volume | Volume | Month |
| F.QOU07 | #VALUE! | | | |
| F.QOV07 | 68.90 | 0 | 92,093 | 94,866 OCT |
| F.QOX07 | 69.28 | 0 | 38,546 | 40,246 NOV |
| F.QOZ07 | 69.40 | 0 | 28,611 | 32,071 DEC |
| F.QOF08 | 69.19 | 0 | 6,399 | 7,368 JAN |
| F.QOG08 | 69.07 | 0 | 2,919 | 3,088 FEB |
| F.QOH08 | 69.45 | 0 | 1,570 | 1,570 MAR |
| F.QOJ08 | 70.11 | 0 | 357 | 357 APR |
| F.QOK08 | 69.94 | 0 | 112 | 112 MAY |
| F.QOM08 | 70.37 | 0 | 1,560 | 2,200 JUN |



| | Current Positions | | | | | | | | | |
|--------------|-------------------|--------|--------|------------|---------|-----------|-----------------------|-----------|-----------|--------------|
| | Small Spec | | | Large Spec | | | Commercials (Hedgers) | | | |
| | Long | Short | Net | Long | Short | Net | Long | Short | Net | |
| Crude Oil | 90,166 | 85,262 | 4,904 | 229,489 | 100,478 | 129,011 | 1,487,296 | 1,621,210 | (133,914) | Crude Oil |
| Heating Oil | 36,816 | 27,862 | 8,954 | 24,193 | 19,093 | 5,100 | 146,423 | 160,477 | (14,054) | Heating Oil |
| Unleaded Gas | 17,288 | 17,442 | (154) | 41,165 | 13,780 | 27,385 | 127,167 | 154,398 | (27,231) | Unleaded Gas |
| Natural Gas | 73,669 | 37,744 | 35,925 | 59,514 | 162,824 | (103,310) | 621,961 | 554,576 | 67,385 | Natural Gas |

| | WoW^Position Change | | | as of |
|--------------|---------------------|-----------|-----------|-----------|
| | Sml Spec | Lrg Spec | Comm | |
| | Net | Net | Net | |
| Crude Oil | (2,562) | 127,004 | (124,441) | 8/14/2007 |
| Heating Oil | 7,627 | (28,456) | 20,829 | |
| Unleaded Gas | (33,461) | 135,741 | (102,280) | |
| Natural Gas | 31,021 | (232,321) | 201,299 | |

^Wow = Week over Week



