



The Morning Email: Oil

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05:48 12/03 CRUDE OIL: WTI Nymex crude oil breaks below \$88.00 -- hits lowest level since Oct 25, amid concerns about economic slowdown and ahead of the OPEC meeting on Dec 5 in Abu Dhabi. Break below \$88.67 triggered break below support line from August 23 and favours weakness towards the low \$80.00's. Initial support is at the 55-day moving average at \$87.05. WTI Nymex crude oil trades at \$87.90, down 81 cents.

MarketNews
international

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	87.92	-0.79	89.84	87.47	88.79	21,911	450,763	WTI Crude
HOA	249.0000	-2.5000	253.53	247.99	251.5	1,913	182,418	Heating Oil
RBA	221	-2.06	225.75	220.8	223	1,013	165,280	Unleaded Gas
NGA	71.85	-1.1700	72.1	71.3	72.09	3,277	177,502	Natural Gas

All contracts quoted are electronic.

All contraces 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.

**Crude Oil Declines for a Second Day Before OPEC Output Meeting
2007-12-03 06:03 (New York)**

By Grant Smith

Dec. 3 (Bloomberg) -- Crude oil futures declined for a second day in New York as traders and analysts awaited OPEC's meeting on Dec. 5.

Analysts are divided on whether the Organization of Petroleum Exporting Countries will raise production when it meets in Abu Dhabi in two days. Ten out of 18 analysts forecast that the group will keep levels unchanged on Dec. 5, according to a Bloomberg News survey.

"There's going to be a lot of volatility before the meeting -- it's hard to call what they're going to do," said Olivier Jakob, managing director of Petromatrix GmbH. "OPEC would be worried about the global economy. The wealth they're getting out of oil sales is reinvested in financial markets."

Crude oil for January delivery fell as much as \$1.06, or 1.2 percent, to \$87.65 a barrel in electronic trading on the New York Mercantile Exchange. It last traded for \$87.71 at 11:02 a.m. in London.

On Nov. 30, the contract fell \$2.30, or 2.5 percent, to \$88.71, taking the decline for the week to 9.7 percent. That was its biggest weekly loss in 2 1/2 years. New York crude oil futures closed at a record \$98.18 a barrel on Nov. 23.

Brent crude oil for January settlement was at \$87.10, down \$1.16, at 10:47 a.m. on the London-based ICE Futures Europe exchange. It fell 2.2 percent to \$88.26 on Nov. 30.

Saudi Arabian Oil Minister Ali al-Naimi said on Dec. 1 there's "absolutely ample" supplies in the market, and Algerian Oil Minister Chakib Khelil said yesterday inventories are high. The International Energy Agency has urged OPEC to pump more to meet the seasonal peak in demand during the Northern Hemisphere winter.

OPEC Holds

"OPEC will probably maintain its current production level," said Wolfgang Kraus, chief commodities trader at BayernLB in Munich. "In the medium term we should see a price of \$86 a barrel."

(cont.)

OPEC agreed to add 500,000 barrels a day to supplies starting in November at a Sept. 11 meeting, the first increase in more than a year, following requests by the U.S. and Europe to help ease prices. Oil has gained 46 percent this year.

"A substantial increase in OPEC crude-oil shipments," indicated by rising oil-tanker hire rates, may saddle the market with more high-sulfur crude than the global refining system can absorb, according to Francisco Blanch, head of global commodity research at Merrill Lynch & Co.

"The incremental supply of crude oil will likely exceed the market's ability to refine it," Blanch said in a report today. "Oil prices could dip below \$80 a barrel in the next few months."

Morgan Stanley, the biggest oil trader on Wall Street, raised its long-term forecast for the price of West Texas Intermediate crude oil to \$85 a barrel from \$65 as it predicted higher costs and taxation.

"The petroleum industry will require higher prices to justify re-investment than previously thought," according to the report. "Driving our changes are higher operating and capital costs, with increased rates of taxation."

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Economic Release Estimates, from Bloomberg

NYMEX - WTI					
	Last	Yest. Open Int	Yest. Volume	Today's Volume	Contract Month
F.CLAJ08	87.92	0	596,416	16,763	JAN
F.CLAG08	87.50	0	190,436	3,956	FEB
F.CLAH08	87.07	0	91,868	935	MAR
F.CLAJ08	86.64	0	41,902	284	APR
F.CLAK08	87.17	0	25,808	45	MAY
F.CLAM08	87.00	0	34,526	120	JUN
F.CLAN08	86.23	0	4,460	0	JUL

ICE - BRENT					
	Last	Yest. Open Int	Yest. Volume	Today's Volume	Contract Month
F.QOF08	87.52	89,970	134,303	25,429	JAN
F.QOG08	87.13	143,659	67,733	13,597	FEB
F.QOH08	86.84	42,678	31,507	7,335	MAR
F.QOJ08	86.53	19,770	17,210	3,817	APR
F.QOK08	86.30	14,870	10,204	1,956	MAY
F.QOM08	86.11	34,609	11,417	2,975	JUN
F.QON08	87.98	8,951	1,186	421	JUL

