



The Morning Email: Oil

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06:00 **12/06 CRUDE OIL:** WTI Nymex crude oil breaks below \$86.00 -- hits lowest level since October 24. The move comes after sharp rise in US weekly product supply -- distillate and gasoline -- along with 3rd consecutive build in Cushing, Oklahoma supplies. Crude oil prices are lower on continued concern about economic slowdown in the US, which is seen impacting demand for oil along with market pricing out of Iran premium after new assessment by American intelligence agencies, which concluded that Iran halted its nuclear weapons program in 2003 and contradicts previous intelligence report.

10:30 12/05 ENERGY: US EIA oil data for Nov 30: "U.S. commercial crude oil inventories (excluding those in the Strategic Petroleum Reserve) dropped by 8.0 million barrels compared to the previous week. At 305.2 million barrels, U.S. crude oil inventories are in the upper half of the average range for this time of year. Total motor gasoline inventories increased by 4.0 million barrels last week, and are below the lower end of the average range. Both finished gasoline inventories and gasoline blending components inventories increased during this period. Distillate fuel inventories increased by 1.4 million barrels, but are in the middle of the average range for this time of year. propane/propylene inventories decreased by 0.5 million barrels last week. Total commercial petroleum inventories decreased by 3.8 million barrels last week, and are in the upper middle of the average range for this time of year.

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	86.03	-1.46	87.35	85.82	87.27	24,318	473,060	WTI Crude
HOA	245.5300	-3.4000	248.6	244.5	248.37	2,881	149,021	Heating Oil
RBA	219.12	-2.58	221.5	218.75	221.12	9,539	163,157	Unleaded Gas
NGA	72.6	0.7500	72.69	71.75	72.25	778	223,664	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.

Oil Falls for a Third Day as Fuel Stocks Signal Demand Slowdown 2007-12-06 04:41 (New York)

By Grant Smith

Dec. 6 (Bloomberg) -- Crude oil fell for a third day on speculation that slower global economic growth may curb fuel consumption.

U.S. fuel stockpiles surged last week, with gasoline inventories rising six times more than analysts forecast to post their biggest gain this year, a report yesterday showed. OPEC members didn't raise production targets, citing "comfortable" global stockpiles and risks to consumption from an economic slowdown caused by the credit crisis.

"It's unsurprising prices are down when yesterday's data showed demand for products is not there," said Eugen Weinberg, an analyst at Commerzbank AG in Frankfurt. "OPEC's decision indicates they're afraid of recession."

Crude oil for January delivery dropped as much as \$1.13, or 1.3 percent, to \$86.36 a barrel in after-hours electronic trading on the New York Mercantile Exchange. It was at \$86.72 at 9:38 a.m. in London.

The contract yesterday fell 83 cents, or 0.9 percent, to \$87.49, the lowest close since Oct. 24. Oil has fallen 13 percent since reaching a record \$99.29 a barrel on Nov. 21.

"People are getting worried about the demand side of the equation," said Jan Stuart, oil economist at UBS AG in New York. "Product inventories are building a little bit quick for this time of year and then of course the big economy around you has all sorts of people legitimately quite pessimistic."

OPEC, supplier of more than 40 percent of the world's oil, will meet again Feb. 1, a month earlier than usual, to review output levels.

Brent Oil

Brent crude oil for January settlement fell as much as 91 cents, or 1 percent, to \$87.58 a barrel in after-hours trading on the London-based ICE Futures Europe exchange. The contract traded at \$87.90 a barrel at 9:38 a.m. in London.

(cont.)

Prices extended their decline even as yesterday's report from the Department of Energy showed a plunge in crude oil inventories in the U.S., the world's biggest consumer.

Crude stockpiles fell 7.91 million barrels, the biggest drop since September 2004, while imports declined by almost a million barrels a day from the week before as fog slowed shipping and refiners trimmed stockpiles for tax purposes. A 1.25 million-barrel decline was expected, based on the median estimate from a Bloomberg News survey of 14 analysts.

"It's all import-based," said Jonathan Benjamin, senior analyst at New Wave Energy LLC in California. "The fundamentals are relatively weak. In terms of gasoline, days of forward supply are creeping back up again and production has picked up."

Gulf Coast

The decline in crude-oil inventories left U.S. stockpiles at 305.2 million barrels, the lowest since March 2005, and 0.7 percent higher than the five-year average for the period. Inventories on the Gulf of Mexico coast accounted for three-quarters of the decline.

U.S. refineries usually cut oil inventories at this time of the year to reduce tax bills. Some states tax refineries on the amount of crude oil in storage at year's end.

Inventories of distillates, which include heating oil and diesel fuel, unexpectedly rose 1.43 million barrels to 132.3 million. Stockpiles were expected to drop 300,000 barrels, according to the median estimate from the survey. Gasoline inventories jumped 3.99 million barrels.

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Economic Release Estimates, from Bloomberg

<HELP> for explanation. N208 n ComdtyECO

Change Calendar | Change Date | Alerts | Output Results To

12/06/07 | United States | Energy / Commodities

Date Time	Event	Survey	Actual	Prior	Revised
12/6 9:30 US 8)	EIA Natural Gas Storage Change NOV 30	-80	--	-12	--
12/7 12:00 US 9)	Baker Hughes U.S. Rig Count DEC 7	--	--	1823	--
12/11 US 10)	DOE Short-Term Crude Outlook DEC	--	--	--	--
12/11 US 11)	DOE Short-Term Ht Oil Outlook DEC	--	--	--	--
12/11 US 12)	DOE Short-Term Diesel Outlook DEC	--	--	--	--
12/11 US 13)	DOE Short-Term Mogas Outlook DEC	--	--	--	--
12/11 US 14)	DOE Short-Term NatGas Outlook DEC	--	--	--	--
12/12 9:30 US 15)	DOE U.S. Crude Oil Inventories DEC 7	--	--	--	--
12/12 9:30 US 16)	DOE U.S. Gasoline Inventories DEC 7	--	--	--	--
12/12 9:30 US 17)	DOE U.S. Distillate Inventory DEC 7	--	--	--	--
12/12 9:30 US 18)	DOE U.S. Refinery Utilization DEC 7	--	--	--	--
12/12 9:30 US 19)	API U.S. Crude Oil Inventories DEC 7	--	--	--	--
12/12 9:30 US 20)	API U.S. Gasoline Inventories DEC 7	--	--	--	--
12/12 9:30 US 21)	API U.S. Distillate Inventory DEC 7	--	--	--	--
12/13 9:30 US 22)	EIA Natural Gas Storage Change DEC 7	--	--	--	--
12/14 12:00 US 23)	Baker Hughes U.S. Rig Count DEC 14	--	--	--	--
12/19 9:30 US 24)	DOE U.S. Crude Oil Inventories DEC 14	--	--	--	--
12/19 9:30 US 25)	DOE U.S. Gasoline Inventories DEC 14	--	--	--	--

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 Finance L.P.
 6599-1-0 06-Dec-07 5:18:27

NYMEX - WTI					
	Last	Yest. Open Int	Yest. Volume	Today's Volume	Contract Month
F.CLAF08	86.03	0	572,644	14,858	JAN
F.CLAG08	85.80	0	215,954	5,491	FEB
F.CLAH08	85.58	0	93,936	3,954	MAR
F.CLAJ08	85.20	0	38,509	2,269	APR
F.CLAK08	85.80	0	16,191	223	MAY
F.CLAM08	85.00	0	27,287	1,385	JUN
F.CLAN08	85.14	0	3,210	245	JUL

ICE - BRENT					
	Last	Yest. Open Int	Yest. Volume	Today's Volume	Contract Month
F.QOF08	86.95	73,859	118,347	22,051	JAN
F.QOG08	86.69	142,689	82,233	14,897	FEB
F.QOH08	86.52	54,331	45,196	7,151	MAR
F.QOJ08	86.32	19,917	16,777	2,686	APR
F.QOK08	86.08	15,068	9,131	827	MAY
F.QOM08	86.19	33,950	14,305	2,850	JUN
F.QON08	86.87	9,395	1,777	962	JUL

