



## The Morning Email: Oil

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04:00 12/14 **OIL**: The oil market outlook has improved but tensions are likely through the winter, the International Energy Agency said Friday in its latest oil market report. IEA cut its 4Q demand for global oil demand by 200 kbd to 86.9 mbd. It cut its 4Q adjusted OPEC stocks call by 200 kbd to 31.8 mbd.

03:21 12/14 **CRUDE OIL**: Traders note that WTI Nymex crude oil strip has moved into "contango" for the first time since mid-July, i.e, exists when there is a glut of present supply and where back-month contracts are trading higher than front-month contracts. In short, it pays for refiners and other oil-market players to buy and hold oil now to sell it down the road for a higher price. This contango is seen as bearish for crude oil prices, and given market skepticism over the recent coordinated central bank year-end special funding plans -- the risk is on crude oil prices to reverse recent gains and resume its slide below recent low at \$85.82. Traders also note the rising open-interest in buying Feb 2008 \$80.00 put options -- last at 18,632 contracts. WTI Nymex crude oil trades at \$92.42, up 17 cents.

MarketNews  
international

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
CLA	92.66	0.41	93.38	92.27	92.57	18,197	554,880	WTI Crude
HOA	264.4100	2.9400	266.46	261.75	262.1	2,944	68,936	Heating Oil
RBA	238.61	1.17	239.9	237.44	237.74	2,355	65,755	Unleaded Gas
NGA	71.8	-0.1300	72.07	71.5	71.67	474	350,569	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.

**Oil Gains After IEA Raises Demand Forecast Amid Stockpile Drop  
2007-12-14 05:45 (New York)**

**By Eduard Gismatullin**

Dec. 14 (Bloomberg) -- Crude oil rose after the International Energy Agency raised its forecast for oil demand next year and said industrialized nations' stockpiles had fallen to below their five-year average.

The IEA, an adviser to 27 nations, said OECD inventories fell 22.4 million barrels in October, led by "a sharp decline in European products." The agency raised its forecast for global 2008 crude demand by 115,000 barrels a day to 87.8 million barrels. That's 2.5 percent more than this year.

"Oil is higher on the IEA report about the drop in stockpiles," said Julian Keites, a broker at Fimat International Banque SA in London. "The market is testing higher prices in accordance with the IEA report."

Crude oil for January settlement rose as much as \$1.13, or 1.2 percent, to \$93.38 a barrel in electronic trading on the New York Mercantile Exchange. It was at \$93.07 at 10:43 a.m. in London. Oil has risen 5.7 percent this week.

Organization for Economic Cooperation and Development members' fuel stockpiles in October fell to 52.6 days of cover to meet demand "with a similar picture emerging in November," the Paris-based IEA said in its monthly report.

Brent crude for January settlement rose as much as \$1.54, or 1.7 percent, to \$93.66 a barrel on London's ICE Futures Europe exchange. The contract, which expires today, was at \$93.07 a barrel at 10:43 a.m. in London. The more actively-traded February contract rose 1.1 percent to \$92.94 a barrel.

The IEA said today there are signs of rising supply from the Organization of Petroleum Exporting Countries in December. OPEC, which pumps more than 40 percent of world's oil, supplied 31.1 million barrels a day in November, 180,000 barrels a day less than October, according to the agency's estimates.

"OPEC is trying to bring the price down," Ronald Smith, head of equity research at Moscow's Alfa Bank, said today. With oil at \$95 "or higher you will start to see some demand destruction and some slowdown in the global economy."

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(cont.)

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**Economic Release Estimates, from Bloomberg**

NYMEX - WTI					
	Last	Yest. Open Int	Yest. Volume	Today's Volume	Contract Month
F.CLAF08	92.66	0	620,047	8,753	JAN
F.CLAG08	92.90	0	337,740	6,509	FEB
F.CLAH08	92.81	0	54,071	1,781	MAR
F.CLAJ08	92.93	0	25,629	1,225	APR
F.CLAK08	91.94	0	12,636	535	MAY
F.CLAM08	92.20	0	10,731	344	JUN
F.CLAN08	90.78	0	2,011	87	JUL

ICE - BRENT					
	Last	Yest. Open Int	Yest. Volume	Today's Volume	Contract Month
F.QOF08	92.90	15,532	71,081	6,869	JAN
F.QOG08	92.66	124,695	106,637	19,946	FEB
F.QOH08	92.50	110,750	49,554	5,913	MAR
F.QOJ08	92.22	24,439	17,805	1,353	APR
F.QOK08	91.92	17,906	9,996	1,119	MAY
F.QOM08	91.58	34,432	11,701	1,420	JUN
F.QON08	91.51	10,440	2,157	365	JUL

