



## The Morning Email: Oil

### Table of Contents

- Pg 1 Quotes & News - Yesterday
- Pg 2 News - Today
- Pg 3 Economic Releases
- Pg 4 Correlations & R-Squared
- Pg 5 Statistics
- Pg 6 Commitments of Traders

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NYMEX	Last	Net	Hi	Low	Open	Volume	Yest. Volume	SYM NAME
CLA	74.13	0.11	74.30	73.90	74.21	50,288	542,837	Crude Oil
HOA	2.0385	0.0053	2.0439	2.0331	2.0350	11,499	74,514	Heating Oil
RBOB	2.114	0.0133	2.1189	2.099	2.101	8,807	227,348	Unleaded Gas
NGA	6.389	0.0820	6.389	6.320	6.363	17,109	220,688	Nat Gas

All contracts quoted are electronic

### News -Yesterday



#### What's Moving the Market?

- Global crude futures fell Tuesday morning as market players reacted to the massive 10 cent drop in NYMEX RBOB futures seen during Monday's session. Some profit-taking as well as a failure for the, now expired, ICE August Brent contract to breach the all-time high of \$78.65/barrel, also weighed down on prices, brokers said.

- At 09:36 GMT September ICE Brent was down 76 cents at \$75.35/b. The August WTI futures on NYMEX and ICE traded 17 cents lower at \$73.98/b. "Despite yesterday's pullback prices remain very well supported, helped by tightening fundamentals and strong market sentiment," a report by Barclays Capital said. The energy complex moved in many directions on Monday.

- ICE Brent fell while NYMEX WTI gained ground on US refinery restart news. This news triggered a massive sell-off in product futures. The August NYMEX RBOB contract settled just under 10 cents lower as the refinery restarts prompted a selloff in the crack spreads. The refinery restarts occurred while non-commercials were holding their largest long position in RBOB futures ever. While RBOB was undergoing a washout to the downside, crude was holding fast to the \$74/b as the market started to price in a decline in crude inventories.

Updated: July 17, 2007

SOURCE: PLATTS.COM

**News recap from Bloomberg, MNI & DJNW****Today**

Oil Trades Little Changed on Expectation of Refiner Output Gain  
2007-07-18 06:06 (New York)

By Eduard Gismatullin and Christian Schmollinger

July 18 (Bloomberg) -- Crude oil was little changed in New York, near an 11-month high, on expectations a report later today will show U.S. gasoline supplies grew for a third week as refineries increased their production.

The U.S. Energy Department will probably report gasoline stockpiles gained 850,000 barrels last week, according to analysts surveyed by Bloomberg News. Gasoline futures fell a fifth day yesterday, extending their decline to a three-month low. Fuel prices "slipped lower, weighed down by expectations for rising production as refineries come back from maintenance," Barclays Capital's London-based analysts Kevin Norrish and Sudakshina Unnikrishnan said in a report. "We would warn that conditions in the gasoline market remain tight."

Crude oil for August delivery was at was down 5 cents at \$73.97 a barrel in after-hours electronic trading on the New York Mercantile Exchange 10:25 a.m. in London. The contract reached \$75.35 yesterday, the highest intraday price since Aug. 10, 2006. Coffeyville Resources LLC, a refinery owned by a Goldman Sachs Group Inc. unit and the buyout firm Kelso & Co., is on an "accelerated pace" to resume gasoline and diesel production after a July 1 flood shut the plant, Allen Rempe, the senior crude-oil buyer for the refinery, said yesterday.

Exxon Mobil Corp. started up a crude unit at its Beaumont, Texas, refinery, Denise Oliphant, a company spokeswoman, said yesterday. The Beaumont refinery is the sixth largest in the U.S. Brent crude oil for September settlement fell 14 cents \$75.39 a barrel in electronic trading on the ICE Futures exchange at 10:26 a.m. in London.

**Refinery Rates**

U.S. refineries probably operated at 90.4 percent of capacity last week, up 0.2 percentage point from the week before, according to the analysts surveyed by Bloomberg News. Processors have ramped up operations for the past three weeks to meet gasoline demand. Gasoline for August delivery was at \$2.114 a gallon after falling 1.2 percent to \$2.1007 yesterday, the lowest close since April 19. It fell 11 percent the past five sessions. The more widely held September contract was at \$2.09, after falling 1.4 percent to \$2.0722 yesterday. Gasoline demand in the U.S., based on deliveries from refineries, has peaked in June or July in four of the past five years, according to Energy Department data. The North Atlantic hurricane season, which can disrupt production and shipments in the U.S. Gulf of Mexico, runs from June through November.

**Today (cont)****Decline in Crude**

Today's weekly stockpile report will probably show U.S. crude inventories declined by 500,000 barrels as refiners increased operating rates to a seven-week high, according to the survey. Supplies held 352.6 million barrels a week earlier, 13 percent more than the five-year average for the period.

The Department of Energy will release the report at 10:30 a.m. in Washington.

Speculators, such as hedge funds, increased their net-long position in the U.S. oil market, the difference between the number of contracts held to buy and sell oil, by 67 percent in the two weeks ended July 10, according to U.S. government data.

"With speculative long positions in crude oil standing at an all-time high, profit taking ahead of today's weekly oil statistics is more likely to have put pressure on prices," Barclays analysts wrote.

The front-month crack margin, or profit, between Nymex gasoline and crude oil has fallen 47 percent since July 10 to \$14.318 a barrel, indicating less incentive to produce more motor fuel. The crack reached a record of \$37.77 on May 17.

In U.S. dollars, West Texas Intermediate, the New York-traded crude benchmark, has risen about 1 percent in the past 12 months. Oil has dropped 9 percent in euros, 10 percent in British pounds and rose 5 percent in yen.

--With reporting by Gavin Evans in Wellington, Trisha Huang and Christian Schmollinger in Singapore. Editor: King

Story illustration: To graph crude oil futures over the past year, see {CL1 <Cmdty> GPO D <GO>}. To chart Nymex gasoline futures, click on {XB1 <Cmdty> GP <GO>}. For more oil stories, see {OTOP <GO>}.

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## Economic Release Estimates, from Bloomberg

<HELP> for explanation. P2P215 ComdtyECO

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07/17/0 United States Energy / Commodities

Date Time	Event	Survey	Actual	Prior	Revised
7/18 9:30 US 2)	DOE U.S. Crude Oil Inventories JUL 13	-700K	--	-1462K	--
7/18 9:30 US 3)	DOE U.S. Gasoline Inventories JUL 13	1000K	--	1143K	--
7/18 9:30 US 4)	DOE U.S. Distillate Inventory JUL 13	1000K	--	760K	--
7/18 9:30 US 5)	DOE U.S. Refinery Utilization JUL 13	0.23%	--	0.14%	--
7/18 9:30 US 6)	API U.S. Crude Oil Inventories JUL 13	--	--	-6792K	--
7/18 9:30 US 7)	API U.S. Gasoline Inventories JUL 13	--	--	2908K	--
7/18 9:30 US 8)	API U.S. Distillate Inventory JUL 13	--	--	1526K	--
7/19 9:30 US 9)	EIA Natural Gas Storage Change JUL 13	--	--	106	--
7/20 12:00 US 10)	Baker Hughes U.S. Rig Count JUL 20	--	--	1791	--
7/25 9:30 US 11)	DOE U.S. Crude Oil Inventories JUL 20	--	--	--	--
7/25 9:30 US 12)	DOE U.S. Gasoline Inventories JUL 20	--	--	--	--
7/25 9:30 US 13)	DOE U.S. Distillate Inventory JUL 20	--	--	--	--
7/25 9:30 US 14)	DOE U.S. Refinery Utilization JUL 20	--	--	--	--
7/25 9:30 US 15)	API U.S. Crude Oil Inventories JUL 20	--	--	--	--
7/25 9:30 US 16)	API U.S. Gasoline Inventories JUL 20	--	--	--	--
7/25 9:30 US 17)	API U.S. Distillate Inventory JUL 20	--	--	--	--
7/26 9:30 US 18)	EIA Natural Gas Storage Change JUL 20	--	--	--	--
7/27 12:00 US 19)	Baker Hughes U.S. Rig Count JUL 27	--	--	--	--

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 17-Jul-07 5:31:44

Daily Correlations					
	CLA	HOA	RBA	NGA	Sym Name
CLA	100.0	(59.6)	(83.0)	(41.9)	Crude Oil
HOA	(59.6)	100.0	88.8	83.8	Heating Oil
RBA	(83.0)	88.8	100.0	63.6	unleaded Gas
NGA	(41.9)	83.8	63.6	100.0	Nat Gas

Daily R-Squared					
	CLA	HOA	RBA	NGA	Sym Name
CLA		0.36	0.69	0.18	Crude Oil
HOA	0.36		0.79	0.70	Heating Oil
RBA	0.69	0.79		0.40	unleaded Gas
NGA	0.18	0.70	0.40		Nat Gas

Daily Correlations					
	CLA	HOA	RBA	NGA	Sym Name
DJIA	79.5	(66.8)	(87.5)	(57.9)	Dow Cash
SPC5	65.5	(47.1)	(77.1)	(55.4)	S&P 500 Cash
EURUSD	72.8	(29.4)	(58.3)	(10.7)	€ / \$
EURJPY	28.5	(34.2)	(35.1)	(53.6)	€ / ¥
USDJPY	(65.3)	10.8	43.4	(22.5)	\$ / ¥

Daily R-Squared					
	CLA	HOA	RBA	NGA	Sym Name
DJIA	0.63	0.45	0.77	0.34	Dow Cash
SPC5	0.43	0.22	0.59	0.31	S&P 500 Cash
EURUSD	0.53	0.09	0.34	0.01	€ / \$
EURJPY	0.08	0.12	0.12	0.29	€ / ¥
USDJPY	0.43	0.01	0.19	0.05	\$ / ¥

Thanks to Dave Cohen, in Development at Penson GHCO, for the help with the R-Squared correlation.  
All correlations based on 10 day historical .

**Short-Term Energy Outlook [07/10/2007]****Highlights**

- As of early July, the average price of retail regular motor gasoline in EIA's weekly gasoline price survey has declined by more than 25 cents per gallon from the record nominal price of \$3.22 per gallon on May 21. The resolution of many refinery problems that occurred earlier in the season and higher levels of product imports helped bring prices down.
- Average monthly retail regular-grade motor gasoline prices are expected to increase modestly over the next few months, averaging \$3.00 in July and \$3.07 per gallon in August. This is due to the combination of rising crude oil prices, strong demand for gasoline, and low gasoline inventories. The new price projections for July and August are 4 to 5 cents per gallon below those included in the June Outlook.
- The projections reflect continued tightness in world oil markets. In 2007, the refiner acquisition cost (RAC) of crude oil is projected to average \$62.35 per barrel, higher than the \$60.23 per barrel average in 2006. The tight world oil supply/demand balance, which is responsible for the rising crude oil prices, is expected to continue in 2008, boosting the annual average RAC price by another \$1.60 per barrel. West Texas Intermediate (WTI) crude oil prices are projected to average \$65.56 per barrel for 2007 and increase to an average of \$66.92 per barrel in 2008.
- The Henry Hub natural gas spot price is expected to average \$7.91 per thousand cubic feet (mcf) in 2007, a \$0.98-per-mcf increase from the 2006 average, and to average \$8.39 per mcf in 2008.

	Current Positions									
	Small Spec			Large Spec			Commercials (Hedgers)			
	Long	Short	Net	Long	Short	Net	Long	Short	Net	
Crude Oil	85,755	86,233	(478)	241,019	112,394	128,625	1,467,668	1,595,816	(128,148)	Crude Oil
Heating Oil	40,684	28,738	11,946	42,653	21,388	21,265	133,610	166,822	(33,212)	Heating Oil
Unleaded Gas	26,288	20,307	5,981	49,107	9,232	39,875	106,984	152,841	(45,857)	Unleaded Gas
Natural Gas	67,876	35,822	32,054	70,431	159,987	(89,556)	635,819	578,316	57,503	Natural Gas

	WoW^Position Change			as of
	Sml Spec	Lrg Spec	Comm	
	Net	Net	Net	
Crude Oil	(12,835)	112,990	(100,157)	7/10/2007
Heating Oil	6,889	(19,889)	13,000	
Unleaded Gas	(24,280)	120,763	(96,485)	
Natural Gas	32,532	(218,181)	185,651	

^Wow = Week over Week



