



The Morning Email: Oil

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

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NYMEX	Last	Net	Hi	Low	Open	Volume	Yest. Volume	SYM NAME
CLA	76.37	0.3	76.39	75.90	76.11	20,582	446,173	Crude Oil
HOA	2.1170	0.0027	2.1175	2.1060	2.1102	9,835	118,849	Heating Oil
RBOB	2.2	0.0086	2.2000	2.1914	2.1914	5,604	140,103	Unleaded Gas
NGA	6.736	0.0300	6.75	6.705	6.738	9,194	178,922	Nat Gas

All contracts quoted are electronic

News -Yesterday



What's Moving the Market?

- Global crude futures were stronger Thursday, holding on to gains on Wednesday following the release of bullish US stocks data. News of supply disruptions in Angola helped drive prices higher. In addition, the closure of Tepco's Kashiwazaki nuclear plant, the world's largest nuclear plant, following this week's earthquake in Japan could add to oil demand in the near future, sources said.
- At 10:09 GMT, September ICE Brent gained 49 cents to \$77.25/b. August NYMEX WTI was up as well, gaining 39 cents to \$75.44/b. Middle East crude futures were also higher, with September ICE Dubai up 77 cents to \$70.85/b. September DME Oman increased 64 cents to \$71.53/b. "Oil prices made another sharp move higher on Wednesday, boosted by a constructive set of US weekly oil statistics," Barclays Capital analysts said in a report Thursday.
- Analysts also noted that prices were pushed even higher by news that Total had declared force majeure on its 240,000 b/d Dalia field offshore Angola, where a problem with a generator on Wednesday has halved production rates
- EIA reported a 500,000 barrel decline in crude stocks, while gasoline stocks were down by 2.3 million barrels, compared to an expected build of 1 million barrels. Distillate inventories fell 200,000 barrels, with refinery utilization up 0.8 percentage points.

Updated: July 19, 2007

SOURCE: PLATTS.COM

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

Crude Oil Trades Near \$76 on High Fuel Demand in U.S., China 2007-07-20 05:27 (New York)

By Eduard Gismatullin

July 20 (Bloomberg) -- Crude oil traded near \$76 a barrel in New York, close to an 11-month high, on rising fuel demand in the U.S. and China.

U.S. gasoline demand rose last week to its highest in two years, according to Department of Energy data. China's economy expanded in the second quarter at the fastest pace in 12 years for the period, heightening speculation Chinese demand will grow. China's expansion probably "played a role in the price increase," Vienna-based PVM Oil Associates GmbH said in a report. "The country's dependence on oil and gas imports is on the increase."

Crude oil for August delivery fell 2 cents to \$75.90 a barrel in after-hours electronic trading on the New York Mercantile Exchange at 10:07 a.m. in London. The contract, which expires today, reached \$76.10 a barrel earlier today. The more actively traded September contract was up 3 cents at \$76.10 a barrel.

China, the world's second-biggest energy user after the U.S., raised crude output 1.7 percent to 3.6 million barrels a day in the first half, a slower pace compared with the 2.1 percent rate in the same period a year earlier, because of increased imports, the National Bureau of Statistics in Beijing said. Imports rose to a record 14.82 million tons in April.

Dalia Resumes

Prices pared their gains after Total SA said its Dalia field in Angola had returned to full production. Force majeure, a legal step exempting producers from fulfilling contracts because of circumstances beyond their control, was lifted late yesterday, Total spokeswoman Patricia Marie said. It had been imposed after a generator fault, which cut output by 50 percent for two days. Brent for September settlement was at \$77.72 a barrel, up 5 cents, on the London-based ICE Futures exchange at 10:10 a.m. in London.

"The market will continue to latch onto news items such as Dalia or the latest U.S. refinery glitch to push towards the magical \$80 target, largely because of the current bull run in commodity sentiment," James Neale, a London-based analyst at Citigroup Global Markets Ltd., wrote today in a report. Oil gained yesterday partly because Husky Energy Inc. said a fire reduced production by 75 percent at its refinery in Lima, Ohio. Company spokesman Graham White said yesterday Husky hadn't determined how long fuel output will be slowed.

Today (cont)**Going Long**

Hedge-fund managers and other speculators increased their bets on rising oil prices to a record last week, according to U.S. Commodity Futures Trading Commission data. "This market wants to go to \$80," Stephen Schork, the president of Schork Group Inc. of Villanova, Pennsylvania, wrote in a report.

Oil prices in New York will rise to \$80 a barrel within six months, said billionaire Boone Pickens, whose bullish bets on energy have propelled him into the Forbes list of the richest Americans. Further gains may be triggered by "geopolitical events," he said yesterday.

New York crude reached a record \$78.40 a barrel on July 14, 2006, on concern fighting in Lebanon between Israel and Islamic militia Hezbollah would spread through the Middle East. Prices fell 9.1 percent in the seven weeks following the peak.

Crude oil may fall in New York next week on speculation that U.S. fuel stockpiles will increase because refineries are opening units after making repairs.

Fourteen of 33 analysts surveyed, or 42 percent, said oil prices will decline. Twelve, or 36 percent, said prices will increase. Seven expect little change. Last week, 50 percent of respondents said prices would decline.

In U.S. dollars, West Texas Intermediate, the New York-traded crude benchmark, has risen about 4 percent in the past 12 months. Oil has dropped 5 percent in euros, 7 percent in British pounds and rose 9 percent in yen.

--With reporting by Mark Shenk in New York, Nipa Piboontanasawat in Beijing, Winnie Zhu in Shanghai, Bill Murray in London, Christian Schmollinger in Singapore and Gavin Evans in Wellington. Editor: King

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Economic Release Estimates, from Bloomberg

Daily Correlations					
	CLA	HOA	RBA	NGA	Sym Name
CLA	100.0	18.4	(58.9)	41.2	Crude Oil
HOA	18.4	100.0	63.1	89.8	Heating Oil
RBA	(58.9)	63.1	100.0	36.8	unleaded Gas
NGA	41.2	89.8	36.8	100.0	Nat Gas

Daily Correlations					
	CLA	HOA	RBA	NGA	Sym Name
DJIA	71.4	(33.3)	(88.8)	(14.3)	Dow Cash
SPC5	60.8	(36.3)	(79.9)	(21.4)	S&P 500 Cash
EURUSD	63.4	1.1	(62.8)	28.0	€ / \$
EURJPY	29.5	(17.1)	(38.2)	(11.8)	€ / ¥
USDJPY	(41.0)	(15.3)	32.8	(38.1)	\$ / ¥

Daily R-Squared					
	CLA	HOA	RBA	NGA	Sym Name
CLA		0.03	0.35	0.17	Crude Oil
HOA	0.03		0.40	0.81	Heating Oil
RBA	0.35	0.40		0.14	unleaded Gas
NGA	0.17	0.81	0.14		Nat Gas

Daily R-Squared					
	CLA	HOA	RBA	NGA	Sym Name
DJIA	0.51	0.11	0.79	0.02	Dow Cash
SPC5	0.37	0.13	0.64	0.05	S&P 500 Cash
EURUSD	0.40	0.00	0.39	0.08	€ / \$
EURJPY	0.09	0.03	0.15	0.01	€ / ¥
USDJPY	0.17	0.02	0.11	0.15	\$ / ¥

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



	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



