



The Morning Email: Oil

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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	95.6	1.07	96.24	94.86	95.15	37,305	628,326	WTI Crude
HOA	2.5457	0.0164	2.5567	2.5305	2.544	2,457	84,280	Heating Oil
RBA	2.3687	0.0317	2.3735	2.3475	2.3545	3,112	128,991	Unleaded Gas
NGA	8.48	0.1500	8.48	8.341	8.373	870	110,169	Natural Gas

All contracts quoted are electronic

Crude Oil Rises to Record Above \$96 on U.S. Stockpile Decline 2007-11-01 05:37 (New York)

By Grant Smith and Christian Schmollinger

Nov. 1 (Bloomberg) -- Crude oil rose above \$96 a barrel for the first time in New York after U.S. inventories unexpectedly fell to a two-year low and the economy expanded at the fastest pace in more than a year.

Oil rose the most in two years after the Federal Reserve cut its benchmark interest rate for a second time in two months, prompting a drop in the dollar. The Organization of Petroleum Exporting Countries has no need to raise production, oil ministers from Iran, Qatar and the United Arab Emirates said this week.

"The magnet of \$100 is still strong," said Rob Laughlin, a senior broker at MF Global Ltd. in London. "Prices are soaring after the data showed another decent crude stock draw, while with the weak dollar OPEC members are downplaying the need for more supplies."

Crude oil for December delivery gained as much as \$1.71, or 1.8 percent, to \$96.24 a barrel in after-hours electronic trading on the New York Mercantile Exchange, the highest since trading began in 1983. It traded at \$95.54 at 9:12 a.m. London time.

Declines in the dollar enhance the appeal of commodities priced in the U.S. currency as a hedging tool against inflation. At the same time, the reduction in revenue for oil producers gives an incentive to limit supplies and buoy the price.

The contract yesterday surged \$4.15, or 4.6 percent, to settle at \$94.53 barrel, the biggest jump in value since Sept. 19, 2005, when Hurricane Rita threatened Gulf of Mexico production. Oil is up 63 percent from a year ago.

Crude prices plunged 3.4 percent on Oct. 30 after Goldman Sachs Group Inc., which said in July oil may reach \$95 a barrel, told clients it was "time to take profits."

'Increased Demand'

"As long as we get very strong gross domestic product numbers like we did today, you'll see increased demand," said Mark Waggoner, president of Excel Futures Inc. in Huntington Beach, California.

(cont.)

China today raised fuel prices by as much as 10 percent to coax refiners into producing oil products to relieve shortages in the world's second-largest energy consumer. Brent crude oil for December settlement rose as much as \$1, or 1.1 percent, to a record \$91.63 a barrel on the London-based ICE Futures Europe exchange at 9:13 a.m. London time.

U.S. gross domestic product grew at an annual rate of 3.9 percent in the third quarter, the most since the first three months of 2006.

The economic data is "definitely supportive for prices," though the strength in exports isn't surprising given the weakness in the dollar, said Rowan Menzies, an analyst at Commodity Warrants Australia Pty in Sydney.

All-Time Low

The dollar sank to an all-time low of \$1.4504 against the euro yesterday after the Federal Reserve's interest-rate cut. The economic factors added to the "nasty surprise" of the stockpile numbers, Menzies said. Momentum seems to be building for an increase to \$100, yet oil may be down to about \$85 within a month in the absence of more supportive news, he said.

U.S. crude stockpiles dropped 3.89 million barrels to 312.7 million barrels last week, the lowest since October 2005, according to the Department of Energy. A 400,000-barrel gain was expected in a Bloomberg News survey. Inventories at Cushing, Oklahoma, the delivery point for New York futures, fell 17 percent, the report showed. Stockpiles dropped to 15.1 million barrels in the biggest decline since November 2004.

"The concern is that market conditions might tighten further over the coming months," said David Moore, a commodity strategist with Commonwealth Australia Bank Ltd. in Sydney. "That's driven the oil price higher."

Resumed Output

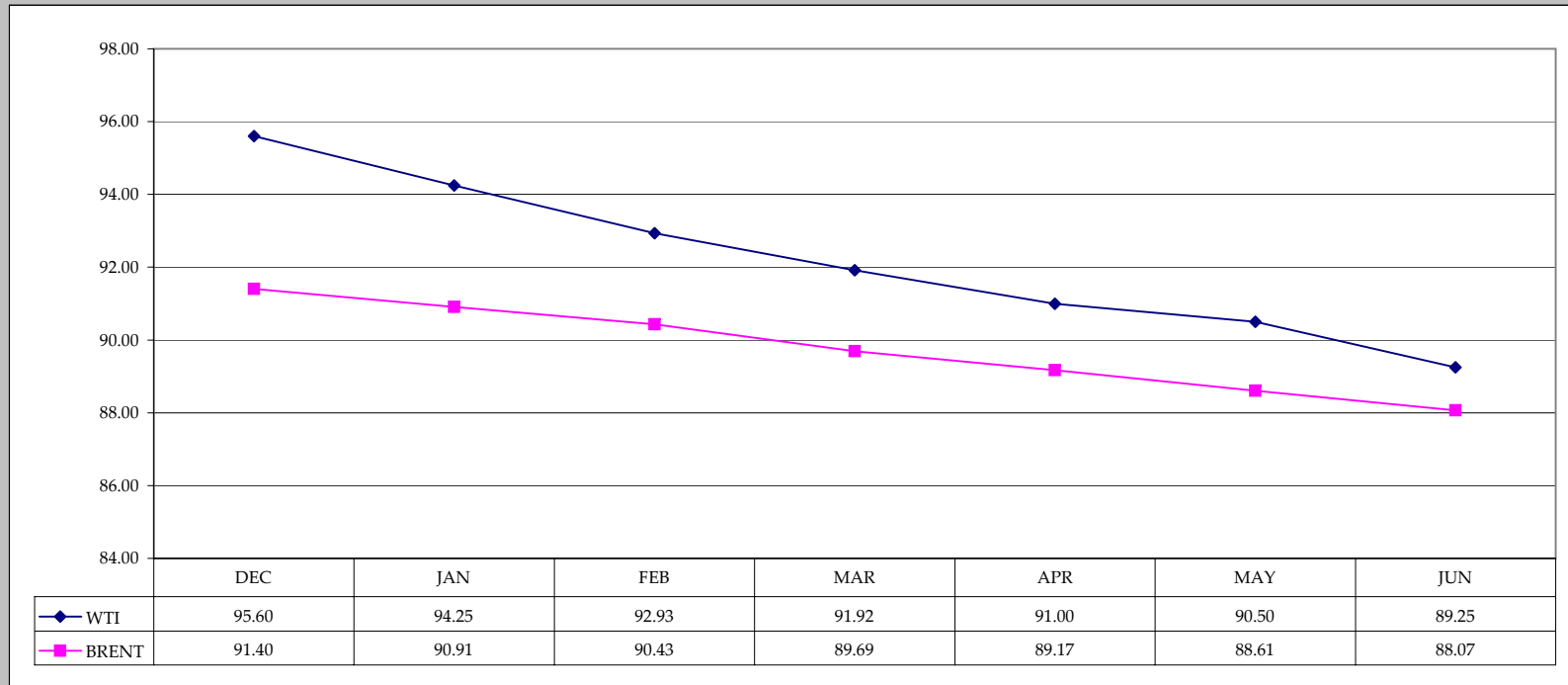
Pemex resumed crude-oil exports at a rate of 800,000 barrels a day and will add another 300,000 by the end of today local time, Carlos Morales, chief of the company's exploration and production, said yesterday at a Mexico city press conference. Pemex previously said that 600,000 barrels a day of production had been halted. "The shock of the data is understandable when you consider the news from Pemex that they shut in something like 1 million barrels a day, not 600,000," said Chris Mennis, owner of oil broker New Wave Energy LLC in Aptos, California. "Most of that could have been going to the U.S."

--With reporting by Angela Macdonald-Smith in Sydney, Trisha Huang in Singapore, Mark Shenk in New York and Valerie Rota in Mexico City. Editors: J.Lee (rcb/ukk/ang/kls/wke). To contact the reporters on this story: Grant Smith in London at +44-20-7330-7353 or gsmith52@bloomberg.net To contact the editor responsible for this story: Stephen Voss on +44-20-7073-3520 or sev@bloomberg.net

Economic Release Estimates, from Bloomberg

NYMEX - WTI					
	Last	Yest. Open Int	Yest. Volume	Today's Volume	Contract Month
F.CLAZ07	95.60	0	772,158	25,765	DEC
F.CLAF08	94.25	0	305,757	6,521	JAN
F.CLAG08	92.93	0	89,925	1,119	FEB
F.CLAH08	91.92	0	48,379	508	MAR
F.CLAJ08	91.00	0	15,423	242	APR
F.CLAK08	90.50	0	10,088	66	MAY
F.CLAM08	89.25	0	18,524	129	JUN

ICE - BRENT					
	Last	Yest. Open Int	Yest. Volume	Today's Volume	Contract Month
F.QOZ07	91.40	139,464	108,627	20,817	DEC
F.QOF08	90.91	148,590	65,645	14,154	JAN
F.QOG08	90.43	62,350	22,010	4,539	FEB
F.QOH08	89.69	27,800	8,305	1,580	MAR
F.QOJ08	89.17	19,500	4,067	713	APR
F.QOK08	88.61	11,791	2,390	347	MAY
F.QOM08	88.07	35,663	3,575	327	JUN



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Commitments of Traders

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All COT data has been moved to Morning Email: CoT&DP