



The Morning Email: Oil

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[AP]

SINGAPORE - Oil prices fell Tuesday amid expectations of rising U.S. crude inventories, but remained supported by a continuing build up of Turkish military forces along the northern Iraqi border.

Light, sweet crude for December delivery dropped 25 cents to US\$85.77 a barrel in Asian electronic trading on the New York Mercantile Exchange by midafternoon in Singapore. The contract fell 93 cents to settle at US\$86.02 a barrel Monday.

November Nymex crude, which hit a record US\$90.07 a barrel last week, settled on expiration Monday at US\$87.56, down \$1.04 from Friday's close.

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	86.44	0.42	86.45	85.55	85.77	13,526	453,651	Crude Oil
HOA	2.3228	0.0119	2.3228	2.3055	2.3055	4,079	102,807	Heating Oil
RBOB	2.1357	0.0023	2.1357	2.12	2.1269	1,114	106,759	Unleaded Gas
NGA	6.901	0.0100	6.999	6.879	6.879	426	226,458	Nat Gas

All contracts quoted are electronic

**Oil Trades Near \$86 as Turkey Says Diplomacy May Avert Strike
2007-10-23 06:03 (New York)**

By Alexander Kwiatkowski and Grant Smith

Oct. 23 (Bloomberg) -- Crude oil traded near \$86 a barrel after Turkey signaled negotiations may help avert military action against Kurdish rebels in northern Iraq.

Turkey will await U.S. and Iraqi actions against the Kurdistan Workers' Party before mounting any raid, Prime Minister Recep Tayyip Erdogan said late yesterday at Oxford University in the U.K. Prices had dropped earlier on speculation U.S. oil stockpiles rose for a second week.

The potential for unrest in northern Iraq to cut oil supplies has been "a little bit overblown," said Simon Wardell, energy research manager with Global Insight Inc. in London. "There is not really as much oil under threat perhaps as the markets would lead you to believe."

Crude oil for December delivery fell as much as 47 cents, or 0.6 percent, to \$85.55 a barrel in electronic trading on the New York Mercantile Exchange. The contract traded at \$86 a barrel at 10:24 a.m. in London.

"The tension about Turkey military action has faded," said Thina Saltvedt, an analyst at Nordea Bank AB in Oslo. "Some of the upward pressure will go out of the market."

Oil reached a record \$90.07 a barrel on Oct. 19 after the dollar fell against the euro and Turkish lawmakers voted to allow military action against the Kurdish rebels.

The Kurdistan Workers' Party, or PKK, has agreed to find a political solution to the conflict with Turkey, "away from violence and fighting," the group said in a statement yesterday on the Web site of Iraqi President Jalal Talabani's Patriotic Union of Kurdistan movement.

Turkish Attack

The threat of Turkish military action hasn't completely receded. Turkey's Erdogan said his country's forces may launch an attack on Kurdish fighters in Iraq in the next few days if the U.S. and Iraq fail to rein the rebels in.

(cont.)

Brent crude oil for December settlement traded at \$83.26 a barrel, down 1 cent, on the London-based ICE Futures Europe exchange at 10:27 a.m. local time. The contract earlier declined as much as 47 cents, or 0.6 percent, to \$82.80.

Oil, gold and silver prices have gained the past two months as the sliding U.S. dollar prompted investors to buy physical assets. The currency declined on speculation the U.S. Federal Reserve will cut interest rates when it meets on Oct. 31 to help maintain growth in the world's biggest oil consumer.

An Energy Department report tomorrow will probably show U.S. crude oil inventories rose for a second week, gaining 475,000 barrels at Oct. 19, based on the median estimate from a Bloomberg News survey of six analysts.

Winter Demand

Stockpiles held 321.9 million barrels a week earlier, 7.8 percent more than the five-year average for the period, the department said last week. U.S. demand typically eases in the second half as refiners shut units for maintenance before peak winter heating demand December through January.

Crude prices, while temporarily damped by reduced demand from refiners during seasonal maintenance and heightened economic growth concerns, are unlikely to fall further, analysts at Goldman Sachs Inc. led by London-based Jeffrey Currie said in a research note today.

"Downward price pressure on crude-oil prices will likely prove temporary" as refiners restore operating rates and "fundamentals remain tight," Goldman said.

--With reporting by Rishaad Salamat and Naga Munchetty in London. Editors: W.Kennedy (acj).

To contact the reporters on this story:

Alexander Kwiatkowski in London at +44-20-7330-7450 or

akwiatkowsk2@bloomberg.net

Grant Smith in London at +44-20-7330-7353 or

gsmith52@bloomberg.net

To contact the editor responsible for this story:

Stephen Voss at +44-20-7073-3520 or sev@bloomberg.net

Economic Release Estimates, from Bloomberg

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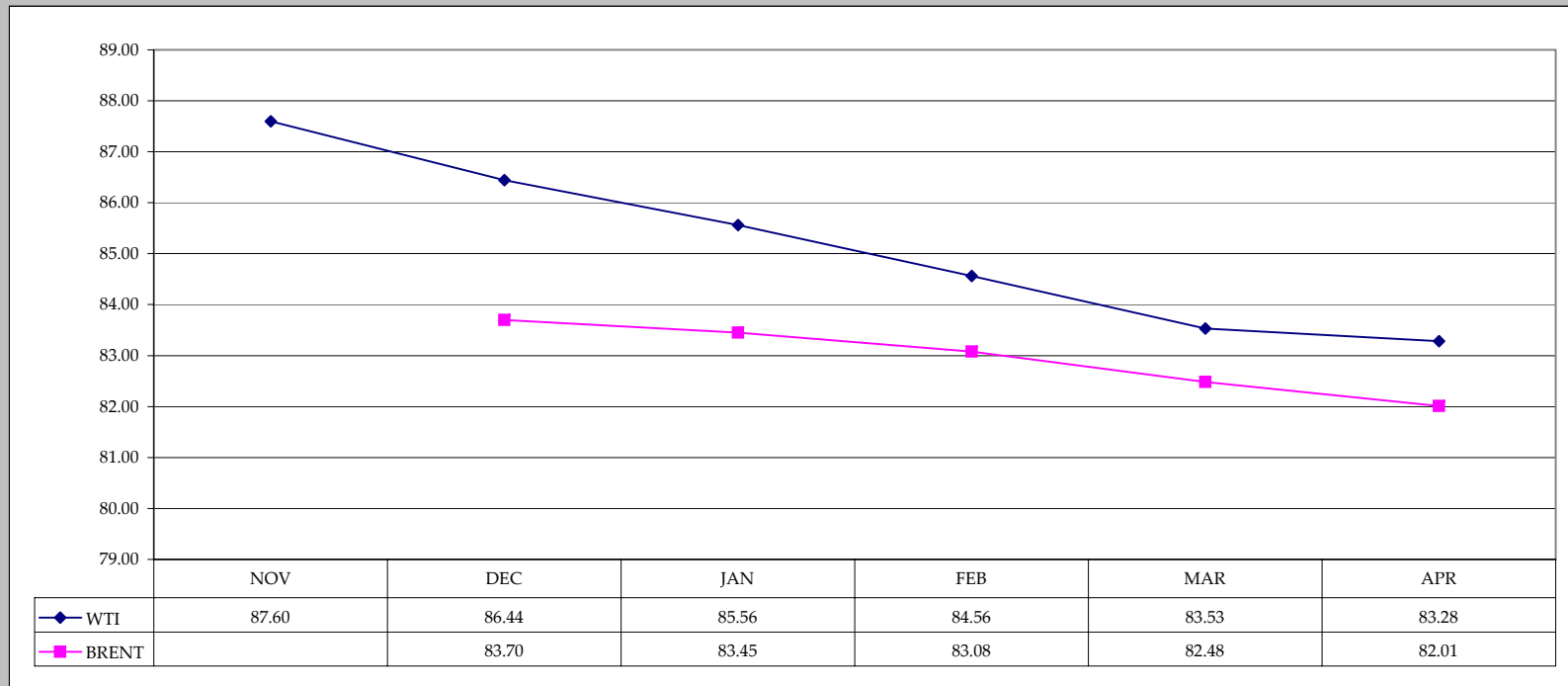
10/23/07 United States Energy / Commodities

Date Time	Event	Survey	Actual	Prior	Revised
10/23 8:00 US	4) DuPont Executives Review Results: Teleconference				
10/24 9:00 US	5) Freeport Executives Review Results: Teleconference				
10/24 9:30 US	6) DOE U.S. Crude Oil Inventories OCT 19	475K	--	1784K	--
10/24 9:30 US	7) DOE U.S. Gasoline Inventories OCT 19	1125K	--	2768K	--
10/24 9:30 US	8) DOE U.S. Distillate Inventory OCT 19	250K	--	994K	--
10/24 9:30 US	9) DOE U.S. Refinery Utilization OCT 19	0.25%	--	0.50%	--
10/24 9:30 US	10) API U.S. Crude Oil Inventories OCT 19	--	--	4422K	--
10/24 9:30 US	11) API U.S. Gasoline Inventories OCT 19	--	--	-3043K	--
10/24 9:30 US	12) API U.S. Distillate Inventory OCT 19	--	--	1927K	--
10/24 10:00 US	13) ConocoPhillips Executives on Results: Teleconf.				
10/25 9:30 US	14) EIA Natural Gas Storage Change OCT 19	--	--	39	--
10/26 12:00 US	15) Baker Hughes U.S. Rig Count OCT 26	--	--	1764	--
10/31 9:30 US	16) DOE U.S. Crude Oil Inventories OCT 26	--	--	--	--
10/31 9:30 US	17) DOE U.S. Gasoline Inventories OCT 26	--	--	--	--
10/31 9:30 US	18) DOE U.S. Distillate Inventory OCT 26	--	--	--	--
10/31 9:30 US	19) DOE U.S. Refinery Utilization OCT 26	--	--	--	--
10/31 9:30 US	20) API U.S. Crude Oil Inventories OCT 26	--	--	--	--
10/31 9:30 US	21) API U.S. Gasoline Inventories OCT 26	--	--	--	--

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.
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NYMEX - WTI				
	Yesterday's	Yesterday's	Today's	Contract
Last	Open Int	Volume	Volume	Month
F.CLAX07	87.60	0	111,932	0 NOV
F.CLAZ07	86.44	0	591,223	8,584 DEC
F.CLAF08	85.56	0	143,482	1,574 JAN
F.CLAG08	84.56	0	53,292	310 FEB
F.CLAH08	83.53	0	25,306	67 MAR
F.CLAJ08	83.28	0	7,721	29 APR
F.CLAK08	82.27	0	4,497	2,077 MAY
F.CLAM08	81.72	0	7,051	263 JUN

ICE - BRENT				
	Yesterday's	Yesterday's	Today's	Contract
Last	Open Int	Volume	Volume	Month
F.QOZ07	83.70	152,585	99,298	12,767 DEC
F.QOF08	83.45	140,416	51,155	5,496 JAN
F.QOG08	83.08	47,315	26,115	1,453 FEB
F.QOH08	82.48	27,779	8,140	1,016 MAR
F.QOJ08	82.01	17,457	2,463	352 APR
F.QOK08	81.58	12,754	1,965	230 MAY
F.QOM08	81.17	35,843	3,659	307 JUN



	Current Positions									
	Small Spec			Large Spec			Commercials (Hedgers)			
	Long	Short	Net	Long	Short	Net	Long	Short	Net	
Crude Oil ^	98,089	105,068	(6,979)	264,921	121,048	143,873	1,521,143	1,658,036	(136,893)	Crude Oil
Heating Oil	44,679	31,981	12,698	49,557	14,493	35,064	134,555	182,317	(47,762)	Heating Oil
Unleaded Gas	20,614	18,138	2,476	61,391	7,824	53,567	112,990	169,033	(56,043)	Unleaded Gas
Natural Gas	73,465	43,030	30,435	62,897	139,442	(76,545)	589,048	542,937	46,111	Natural Gas

^ Light Sweet

	WoW^Position Change			as of
	Sml Spec	Lrg Spec	Comm	
	Net	Net	Net	
Crude Oil	(17,762)	118,135	(100,372)	10/9/2007
Heating Oil	9,149	(15,187)	6,039	
Unleaded Gas	(27,945)	120,799	(92,854)	
Natural Gas	37,414	(220,418)	183,004	

^Week over Week

