



The Morning Email: Oil

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03:14 10/26 **MNI WTI CRUDE OIL TECHS:** Traders continue to pick a top in crude oil, but the strong recovery in 10-day momentum study implies further upside scope. From here, there isn't much resistance until the daily Bollinger band top at \$92.56 and potentially a channel top from August 15, which is today valued at \$93.57.

MarketNews
international

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	91.39	0.93	92.22	90.20	90.36	41,015	433,591	Crude Oil
HOA	2.4398	0.0131	2.4581	2.4231	2.4231	3,058	129,120	Heating Oil
RBOB	2.258	0.0125	2.2811	2.2444	2.245	4,567	136,745	Unleaded Gas
NGA	7.172	-0.0160	7.186	7.130	7.176	619	217,770	Nat Gas

All contracts quoted are electronic

Crude Rises to \$92 Record After U.S. Says Iran Backs Terrorism
2007-10-26 06:03 (New York)

By Alexander Kwiatkowski and Grant Smith

Oct. 26 (Bloomberg) -- Oil rose above \$92 a barrel for the first time in New York after the U.S. accused Iran's military of supporting terrorism and stepped up pressure on foreign companies to cut ties with the Middle East oil producer.

Crude oil was also pushed higher as Turkey warned of a wider military assault into northern Iraq and called on the U.S. to join the fight. Turkey's army shelled suspected militant camps on the Iraqi side of the border.

"The door is open to \$100," said Kevin Norrish, energy analyst at Barclays Capital Inc. in London. The dispute between the U.S. and Iran will "continue to ratchet up in terms of tension." Record prices swelled profits at oil companies including Royal Dutch Shell Plc and Petro-Canada last quarter, while increasing costs for consumers. Ticket prices for intercontinental business-class flights will climb by between 5 percent and 8 percent next year as airlines pass on jet fuel costs, American Express Co. said in a forecast this week.

Crude oil for December delivery rose as much as \$1.76, or 2 percent, to \$92.22 a barrel in electronic trading on the New York Mercantile Exchange, the highest since oil futures began trading in 1983. It traded at \$91.22 at 10:55 a.m. London time. Prices are 51 percent higher than a year ago. Yesterday the contract jumped \$3.36, or 3.9 percent, the biggest one-day gain since April 23.

Nervous Situation

"The Iranian situation is one to be very, very nervous on," said Rob Laughlin, a senior broker at MF Global Ltd. in London. "OPEC could try to cool things down" by adding more oil, he said. Record oil prices are causing other energy commodities such as electricity to breach new highs, raising concerns that inflation will accelerate and suppress growth in the global economy. The Group of Seven industrial nations said in a statement last week that high crude levels will moderate growth.

"Growth in OECD countries will be dented by these kinds of levels already," said Eugen Weinberg, a commodities analyst at Commerzbank AG in Frankfurt. "We'll probably see some slowdown and some negative effects from the oil price."

Brent crude oil for December settlement rose as much as \$1.82 to a record \$89.30 a barrel on the London-based ICE Futures Europe exchange. It was at \$88.07 at 10:55 a.m. local time. Electricity prices in Germany, Europe's biggest market, rose to a record for a second day. Next-year power traded as high as 61.95 euros a megawatt hour, according to data from GFI Group Inc. supply agreements for fuels including natural gas are linked to the crude price with a time-lag of about six months, meaning today's record oil prices will lead gas-fired generators in Germany to pay more for their fuel in 2008.

(cont.)

European Union carbon dioxide emission permits for December 2008 also rose, reaching 23.35 euros (\$33.54) a metric ton, their highest since June 15, on London's European Climate Exchange.

Sanctions

The Bush administration yesterday announced new sanctions against Iran that designate the Iranian Revolutionary Guard Corps as a proliferator of weapons of mass destruction and its Quds force as a supporter of terrorism.

The U.S. is trying to get Iran to halt uranium enrichment that it suspects is aimed at developing nuclear weapons. Iran, which holds the world's second-largest oil and natural gas reserves, says it wants to enrich uranium to produce electricity. The dispute has bolstered oil prices since January 2006 because of concern that oil shipments from the country might be cut.

"Anything that happens in Iran is important to the market because of its position as a key exporter," said Michael Davies, an analyst at Sucden (U.K.) Ltd. in London. "The sanctions are going to be yet another thing to encourage the bulls."

Turkey said it may step up military action in northern Iraq and called on the U.S. to join the fight as the army shelled suspected militant camps over the Iraqi border.

"When you're talking Iran and Iraq, two of the biggest holders of oil reserves, no wonder markets are nervous," said Gavin Wendt, senior resources analyst at Fat Prophets in Sydney.

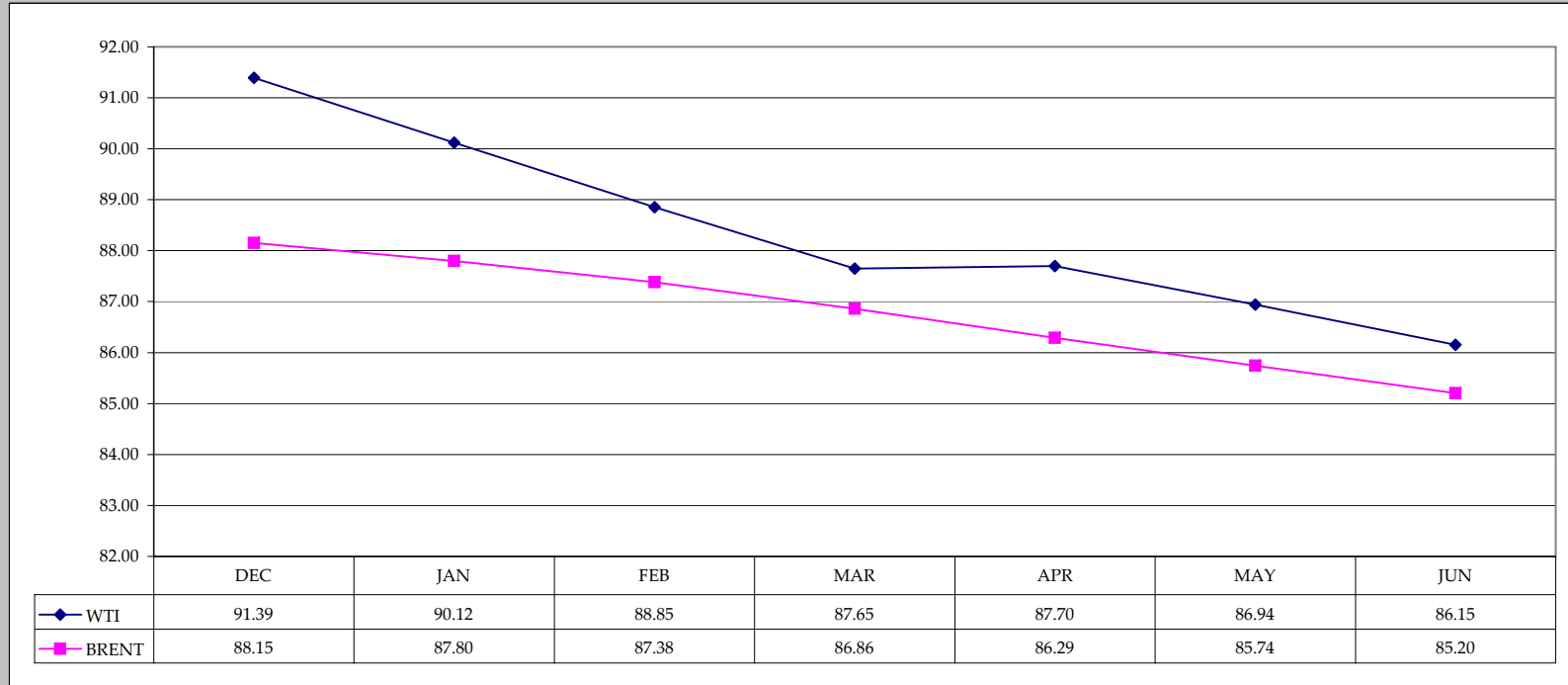
The Organization of Petroleum Exporting Countries, supplier of more than 40 percent of the world's oil, has said it would boost production by about 500,000 barrels a day, starting Nov. 1. The group doesn't plan additional output increases, even with record oil prices, Venezuelan Energy Minister Rafael Ramirez told reporters in Caracas yesterday.

--With reporting by Rishaad Salamat, Lars Paulsson and Matthew Carr in London.
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Economic Release Estimates, from Bloomberg

NYMEX - WTI				
	Yesterday's	Yesterday's	Today's	Contract
Last	Open Int	Volume	Volume	Month
F.CLAZ07	91.39	0	545,173	26,986 DEC
F.CLAF08	90.12	0	182,443	7,372 JAN
F.CLAG08	88.85	0	76,350	2,414 FEB
F.CLAH08	87.65	0	34,386	1,415 MAR
F.CLAJ08	87.70	0	11,250	433 APR
F.CLAK08	86.94	0	7,678	602 MAY
F.CLAM08	86.15	0	12,695	798 JUN

ICE - BRENT				
	Yesterday's	Yesterday's	Today's	Contract
Last	Open Int	Volume	Volume	Month
F.QOZ07	88.15	163,400	108,437	31,986 DEC
F.QOF08	87.80	154,184	53,110	16,570 JAN
F.QOG08	87.38	66,158	27,490	5,714 FEB
F.QOH08	86.86	31,520	11,359	2,644 MAR
F.QOJ08	86.29	17,593	3,501	973 APR
F.QOK08	85.74	12,656	2,496	557 MAY
F.QOM08	85.20	37,728	4,256	774 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

