

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	44.35	0.68	44.47	43.39	43.78	12,696	429,036	WTI Crude
HOA	153.5300	2.6200	153.6	149.85	150.51	861	71,717	Heating Oil
RBA	98.54	1.59	98.72	96.95	96.95	376	59,316	Unleaded Gas
NGA	57.68	-2.4900	60.09	57.65	60.09	1,462	146,390	Natural Gas

All contracts quoted are electronic.

All contracts are coded for lead volume month. Meaning, whatever month has the most volume, that's the month quoted in the matrix above, for all contracts.

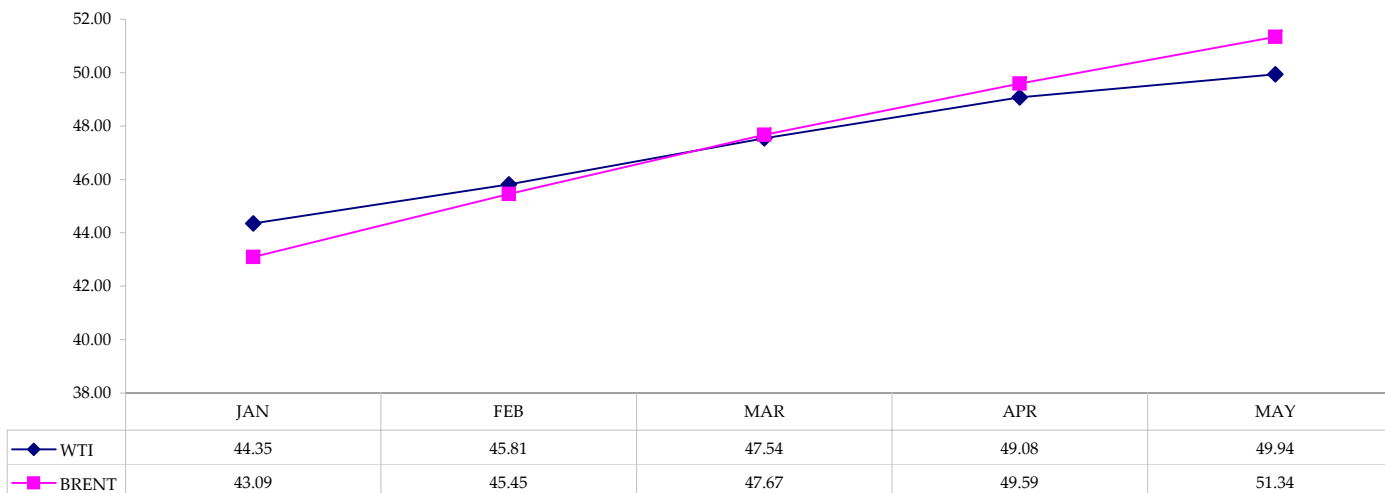
Economic Release Estimates, from Bloomberg

<HELP> for explanation. N159 n Index ECO
 9<GO> to set as default calendar

1) Custom Calendars		2) Options		3) Economic Calendars			
Region	North America	Country	United States	Type	Energy / Commoditie	United States: Energy / Commodities	
Date	12/04/08		05:10:53				
Date	Time A M	Event	Period	Survey	Actual	Prior	Revised
21)	12/04 08:15	Fed's Lockhart Speaks at Energy Conference					
22)	12/04 09:30	EIA Natural Gas Storage Change	NOV 28	-68	--	--	--
23)	12/05 12:00	Baker Hughes U.S. Rig Count	DEC 5	--	--	1866	--
24)	12/09	DOE Short-Term Crude Outlook	DEC	--	--	64	--
25)	12/09	DOE Short-Term Hit Oil Outlook	DEC	--	--	2.63	--
26)	12/09	DOE Short-Term Diesel Outlook	DEC	--	--	2.73	--
27)	12/09 13:00	Spending Pulse Gas Demand	DEC 5	--	--	9.36	--
28)	12/09	DOE Short-Term Mogas Outlook	DEC	--	--	2.37	--
29)	12/09	DOE Short-Term NatGas Outlook	DEC	--	--	12.55	--
30)	12/10 09:35	DOE U.S. Crude Oil Inventories	DEC 5	--	--	--	--
31)	12/10 09:35	DOE U.S. Gasoline Inventories	DEC 5	--	--	--	--
32)	12/10 09:35	DOE U.S. Distillate Inventory	DEC 5	--	--	--	--
33)	12/10 09:35	DOE U.S. Refinery Utilization	DEC 5	--	--	--	--
34)	12/10 09:35	DOE Cushing OK Crude Inventory	DEC 5	--	--	--	--
35)	12/10 09:35	API U.S. Crude Oil Inventories	DEC 5	--	--	--	--
36)	12/10 09:35	API U.S. Gasoline Inventories	DEC 5	--	--	--	--
37)	12/10 09:35	API U.S. Distillate Inventory	DEC 5	--	--	--	--
38)	12/11 09:35	EIA Natural Gas Storage Change	DEC 5	--	--	--	--
39)	12/12 12:00	Baker Hughes U.S. Rig Count	DEC 12	--	--	--	--

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2008 Bloomberg Finance L.P.
 6722-55-1 04-Dec-08 5:10:53

NYMEX - WTI						ICE - BRENT					
	Yest.	Yest.	Today's	Contract		Yest.	Yest.	Today's	Contract		
Last	Open Int	Volume	Volume	Month	Last	Open Int	Volume	Volume	Month		
F.CLAF09	44.35	0.00	218,057	11,536	JAN	F.QOF09	43.09	74,668	98,340	13,499	JAN
F.CLAG09	45.81	0.00	61,450	2,716	FEB	F.QOG09	45.45	158,679	67,620	9,774	FEB
F.CLAH09	47.54	0.00	37,658	999	MAR	F.QOH09	47.67	60,447	29,345	5,254	MAR
F.CLAJ09	49.08	0.00	61,450	2,716	APR	F.QOJ09	49.59	158,679	67,620	9,774	APR
F.CLAK09	49.94	0.00	16,078	387	MAY	F.QOK9	51.34	17,034	9,092	1,056	MAY
F.CLAM09	51.98	0.00	22,533	444	JUN	F.QOM9	52.98	40,250	67,620	1,294	JUN
F.CLAN09	53.08	0.00	6,150	92	JUL	F.QON09	54.53	15,396	4,752	322	JUL
F.CLAQ09	54.63	0.00	4,070	18	AUG	F.QOQ09	55.94	12,046	2,279	221	AUG
F.CLAU09	54.07	0.00	3,124	7	SEP	F.QOU09	57.23	13,604	1,821	230	SEP
F.CLAV09	55.60	0.00	1,152	0	OCT	F.QOV09	57.64	7,821	1,367	194	OCT
F.CLAX09	58.58	0.00	1,212	0	NOV	F.QOX09	#VALUE!	10,627	1,060	266	NOV
F.CLAZ09	58.05	0.00	19,988	355	DEC	F.QOZ09	60.05	53,675	11,523	746	DEC



Contango IF: front months lower than back months.

IF Contango, then: It pays more to store crude. Carry cost is positive.

Also, It pays to keep crude stored, pump prices rise, and so do oil company profits

Backwardation: Opposite of Contango

"Never sell a backwardation market". Backwardation tends to coexist with rising prices

Crack Spreads relative to Crude:

If crack spread weak then less incentive to store crude.

That's bearish for crude.

IF Contango and price is rallying, then 'long only' funds are buying.

That's because it's the only thing that makes sense due to the fact, funds do not incur carrying charges.

Contango is bearish for price.