

## The Morning Email: Oil

### Table of Contents

**Pg 1** Quotes

**Pg 2** Economic Releases

**Pg 3** Spreads - WTI and BRENT

Want something added? Let me know: [jgoulding@ghco.com](mailto:jgoulding@ghco.com)

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**ENERGY MATRIX - NYMEX PRODUCTS**

<b>NYMEX</b>	<b>Last</b>	<b>NET</b>	<b>High</b>	<b>Low</b>	<b>Open</b>	<b>Volume</b>	<b>Yest. Vol</b>	<b>SYM Name</b>
<b>CLA</b>	43.78	1.71	43.9	42.26	42.4	18,907	437,843	WTI Crude
<b>HOA</b>	147.3000	3.6100	147.3	144.24	144.34	2,235	80,263	Heating Oil
<b>RBA</b>	97.52	3.88	97.52	94.35	94.35	1,677	76,537	Unleaded Gas
<b>NGA</b>	55.81	0.0200	56.85	55.81	56.67	490	150,530	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. P226 n Corp ECO  
 9<GO> to set as default calendar

1) Custom Calendars 2) Options Economic Calendars

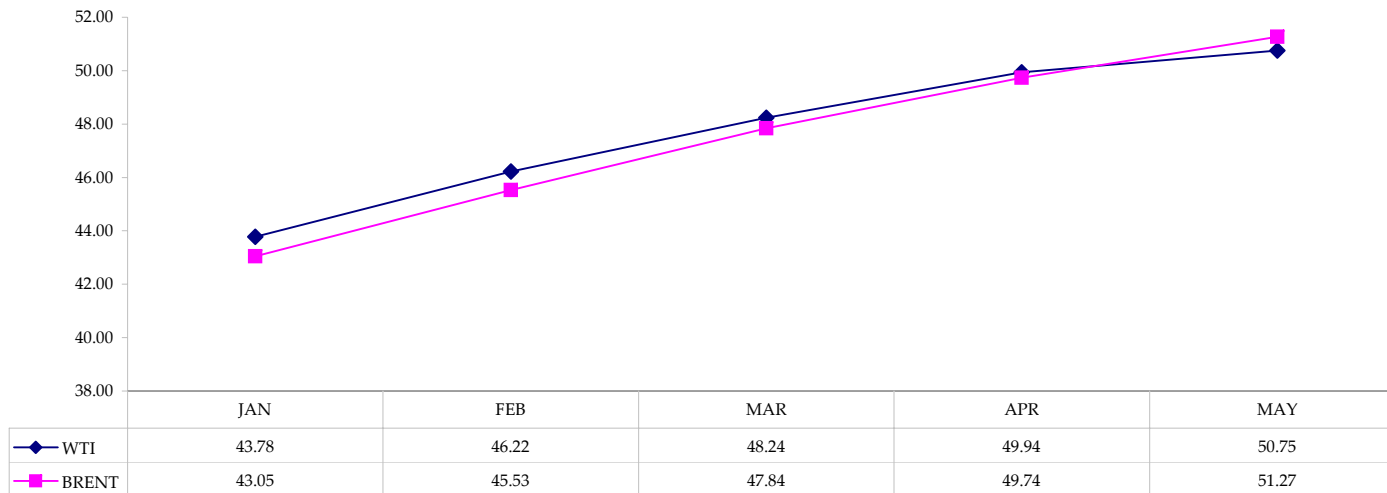
Region North America Country United States Type Energy / Commodities

Date 12/10/08 05:15:37 United States: Energy / Commodities

	Date	Time	A M	Event	Period	Survey	Actual	Prior	Revised
28)	12/10	07:00		Dynegy Executives Discuss 2009 Financial Outlook					
29)	12/10	09:35		DOE U.S. Crude Oil Inventories	DEC 5	1300K	--	-456K	--
30)	12/10	09:35		DOE U.S. Gasoline Inventories	DEC 5	-400K	--	-1534K	--
31)	12/10	09:35		DOE U.S. Distillate Inventory	DEC 5	-1500K	--	-1721K	--
32)	12/10	09:35		DOE U.S. Refinery Utilization	DEC 5	0.00%	--	-1.82%	--
33)	12/10	09:35		DOE Cushing OK Crude Inventory	DEC 5	--	--	2345K	--
34)	12/10	09:35		API U.S. Crude Oil Inventories	DEC 5	--	--	-2257K	--
35)	12/10	09:35		API U.S. Gasoline Inventories	DEC 5	--	--	-416K	--
36)	12/10	09:35		API U.S. Distillate Inventory	DEC 5	--	--	3143K	--
37)	12/11	09:35		EIA Natural Gas Storage Change	DEC 5	-90	--	-64	--
38)	12/12	12:00		Baker Hughes U.S. Rig Count	DEC 12	--	--	1852	--
39)	12/16	13:00		Spending Pulse Gas Demand	DEC 12	--	--	9.33	--
40)	12/17			OPEC Conference - Oran, Algeria					
41)	12/17	09:35		DOE U.S. Crude Oil Inventories	DEC 12	--	--	--	--
42)	12/17	09:35		DOE U.S. Gasoline Inventories	DEC 12	--	--	--	--
43)	12/17	09:35		DOE U.S. Distillate Inventory	DEC 12	--	--	--	--
44)	12/17	09:35		DOE U.S. Refinery Utilization	DEC 12	--	--	--	--
45)	12/17	09:35		DOE Cushing OK Crude Inventory	DEC 12	--	--	--	--
46)	12/17	09:35		API U.S. Crude Oil Inventories	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.  
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NYMEX - WTI						ICE - BRENT					
	Last	Yest. Open Int	Yest. Volume	Today's Volume	Contract Month		Last	Yest. Open Int	Yest. Volume	Today's Volume	Contract Month
F.CLAF09	43.78	0.00	240,867	13,312	JAN	F.QOF09	43.05	54,025	82,398	13,108	JAN
F.CLAG09	46.22	0.00	118,745	6,425	FEB	F.QOG09	45.53	142,324	87,224	11,580	FEB
F.CLAH09	48.24	0.00	46,862	2,184	MAR	F.QOH09	47.84	80,025	57,186	8,251	MAR
F.CLAJ09	49.94	0.00	118,745	6,425	APR	F.QOJ09	49.74	142,324	87,224	11,580	APR
F.CLAK09	50.75	0.00	9,780	817	MAY	F.QOK9	51.27	18,077	12,230	2,887	MAY
F.CLAM09	52.19	0.00	20,642	866	JUN	F.QOM9	52.48	38,448	87,224	3,385	JUN
F.CLAN09	51.88	0.00	5,531	92	JUL	F.QON09	53.12	15,425	4,499	787	JUL
F.CLAQ09	53.83	0.00	2,173	64	AUG	F.QOQ09	54.06	11,303	2,208	714	AUG
F.CLAU09	54.20	0.00	1,571	48	SEP	F.QOU09	54.64	14,127	1,955	525	SEP
F.CLAV09	#VALUE!	0.00	1,323	42	OCT	F.QOV09	55.81	8,348	1,271	271	OCT
F.CLAX09	56.90	0.00	870	46	NOV	F.QOX09	#VALUE!	10,745	679	252	NOV
F.CLAZ09	56.65	0.00	20,881	759	DEC	F.QOZ09	57.37	52,432	11,150	2,687	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.