

The Morning Email: Oil

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Want something added? Let me know: jgoulding@ghco.com

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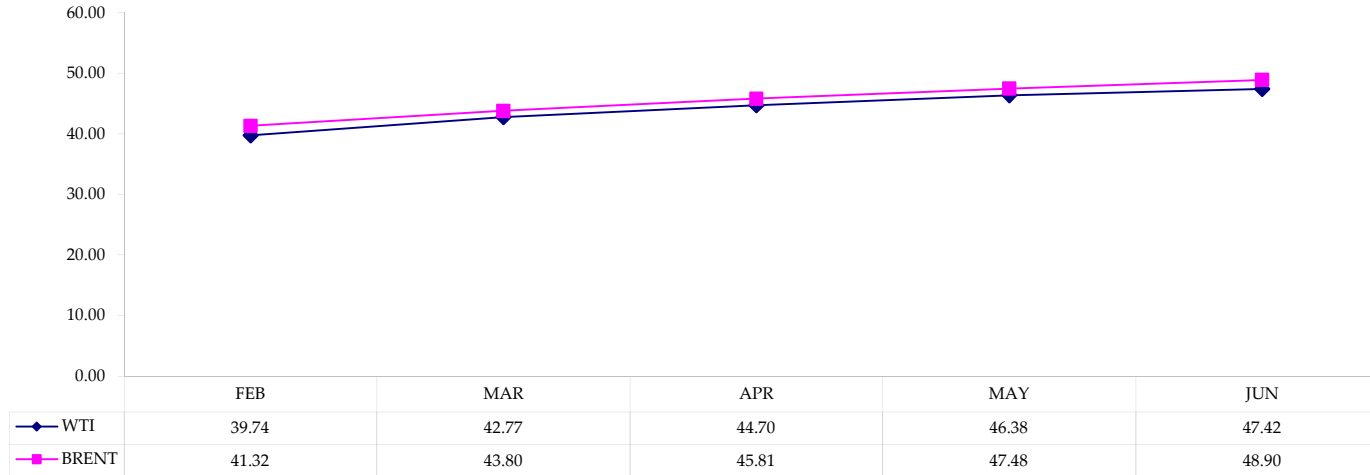
ENERGY MATRIX - NYMEX PRODUCTS

NYMEX	Last	NET	High	Low	Open	Volume	Yest. Vol	SYM Name
CLA	39.74	-0.17	40.04	39.05	39.55	11,893	288,955	WTI Crude
HOA	136.9500	0.7600	137	134.7	136.15	680	63,135	Heating Oil
RBA	89.6	0.98	89.7	87.25	88.25	719	49,818	Unleaded Gas
NGA	53.64	0.7000	54	53	53.35	652	92,418	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.

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	36.00					F.QOF09	#VALUE!				
F.CLAG09	39.74	0.00	132,781	8,358	FEB	F.QOG09	41.32	124,821	75,363	12,589	FEB
F.CLAH09	42.77	0.00	47,233	2,222	MAR	F.QOH09	43.80	114,650	30,450	8,150	MAR
F.CLAJ09	44.70	0.00	132,781	8,358	APR	F.QOJ09	45.81	124,821	75,363	12,589	APR
F.CLAK09	46.38	0.00	7,429	225	MAY	F.QOK9	47.48	19,789	5,734	1,119	MAY
F.CLAM09	47.42	0.00	13,731	122	JUN	F.QOM9	48.90	36,652	75,363	1,075	JUN
F.CLAN09	48.60	0.00	6,282	43	JUL	F.QON09	49.92	18,127	3,749	259	JUL
F.CLAQ09	52.50	0.00	2,203	2	AUG	F.QOQ09	50.95	10,378	2,217	210	AUG
F.CLAU09	51.87	0.00	1,924	0	SEP	F.QOU09	51.80	14,250	1,772	106	SEP
F.CLAV09	51.30	0.00	1,920	0	OCT	F.QOV09	53.55	8,767	1,507	15	OCT
F.CLAX09	54.10	0.00	2,572	3	NOV	F.QOX09	55.50	11,301	1,028	9	NOV
F.CLAZ09	52.75	0.00	9,376	77	DEC	F.QOZ09	54.05	52,048	4,950	891	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.