

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	37.24	-1.79	39.3	36.94	39.17	11,911	256,622	WTI Crude
HOA	128.0800	-2.5300	130.75	127.84	130.63	1,069	67,013	Heating Oil
RBA	90	-3.28	93.5	90	92.66	1,099	52,109	Unleaded Gas
NGA	57.64	-0.9500	58.55	57.44	58.52	659	59,314	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.

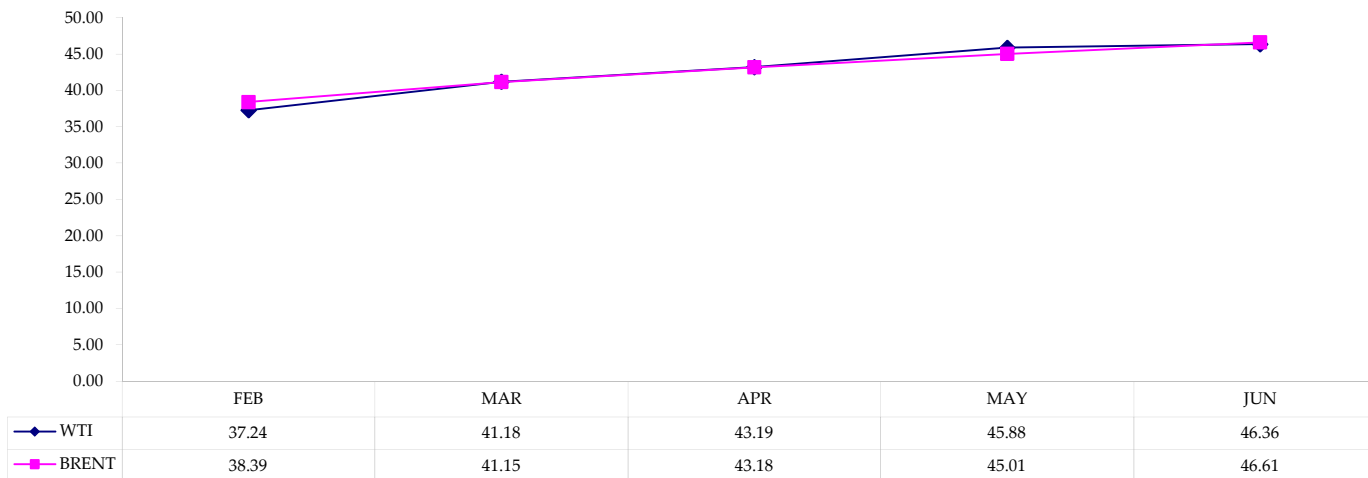
Economic Release Estimates, from Bloomberg

<HELP> for explanation. N310 n Index ECO
 9<G0> to set as default calendar

1) Custom Calendars		2) Options		Economic Calendars				
Region	North America	Country	United States	Type	Energy / Commodities			
Date	12/31/08	05:31:41		United States: Energy / Commodities				
Date	Time	A M	Event	Period	Survey	Actual	Prior	Revised
22)	12/31	09:35	DOE U.S. Crude Oil Inventories	DEC 26	-1450K	--	-3101K	--
23)	12/31	09:35	DOE U.S. Gasoline Inventories	DEC 26	1700K	--	3336K	--
24)	12/31	09:35	DOE U.S. Distillate Inventory	DEC 26	1500K	--	1814K	--
25)	12/31	09:35	DOE U.S. Refinery Utilization	DEC 26	0.50%	--	0.56%	--
26)	12/31	09:35	DOE Cushing OK Crude Inventory	DEC 26	--	--	1173K	--
27)	12/31	09:35	API U.S. Crude Oil Inventories	DEC 26	--	--	-4201K	--
28)	12/31	09:35	API U.S. Gasoline Inventories	DEC 26	--	--	1714K	--
29)	12/31	09:35	API U.S. Distillate Inventory	DEC 26	--	--	-667K	--
30)	12/31	11:00	EIA Natural Gas Storage Change	DEC 26	-152	--	-147	--
31)	01/02	12:00	Baker Hughes U.S. Rig Count	JAN 2	--	--	1721	--
32)	01/06	13:00	Spending Pulse Gas Demand	JAN 2	--	--	9.13	--
33)	01/07	09:30	DOE U.S. Crude Oil Inventories	JAN 2	--	--	--	--
34)	01/07	09:30	DOE U.S. Gasoline Inventories	JAN 2	--	--	--	--
35)	01/07	09:30	DOE U.S. Distillate Inventory	JAN 2	--	--	--	--
36)	01/07	09:30	DOE U.S. Refinery Utilization	JAN 2	--	--	--	--
37)	01/07	09:30	DOE Cushing OK Crude Inventory	JAN 2	--	--	--	--
38)	01/07	09:30	API U.S. Crude Oil Inventories	JAN 2	--	--	--	--
39)	01/07	09:30	API U.S. Gasoline Inventories	JAN 2	--	--	--	--
40)	01/07	09:30	API U.S. Distillate Inventory	JAN 2	--	--	--	--

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					
	Yest.	Yest.	Today's	Contract		Yest.	Yest.	Today's	Contract		
Last	Open Int	Volume	Volume	Month	Last	Open Int	Volume	Volume	Month		
F.CLAFO9	36.00				F.QOF09	#VALUE!					
F.CLAG09	37.24	0.00	137,263	8,451	FEB	F.QOG09	38.39	109,006	74,018	12,911	FEB
F.CLAH09	41.18	0.00	52,477	3,266	MAR	F.QOH09	41.15	127,370	51,716	11,116	MAR
F.CLAJ09	43.19	0.00	137,263	8,451	APR	F.QOJ09	43.18	109,006	74,018	12,911	APR
F.CLAK09	45.88	0.00	10,962	240	MAY	F.QOK9	45.01	19,661	5,631	3,125	MAY
F.CLAM09	46.36	0.00	15,467	388	JUN	F.QOM9	46.61	38,971	74,018	1,393	JUN
F.CLAN09	48.82	0.00	9,781	58	JUL	F.QON09	48.24	18,197	1,650	328	JUL
F.CLAQ09	49.93	0.00	769	16	AUG	F.QOQ09	49.42	10,806	945	77	AUG
F.CLAU09	50.95	0.00	474	17	SEP	F.QOU09	50.46	14,110	529	40	SEP
F.CLAV09	50.61	0.00	324	11	OCT	F.QOV09	52.63	9,038	570	1	OCT
F.CLAX09	52.26	0.00	2,360	11	NOV	F.QOX09	#VALUE!	11,261	576	0	NOV
F.CLAZ09	52.10	0.00	5,073	209	DEC	F.QOZ09	53.26	50,968	4,109	996	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.