



## The Morning Email: Oil

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## ENERGY MATRIX - NYMEX PRODUCTS

| NYMEX | Last     | NET    | High   | Low    | Open   | Volume | Yest. Vol | SYM Name     |
|-------|----------|--------|--------|--------|--------|--------|-----------|--------------|
| CLA   | 126.18   | 0.69   | 126.51 | 125.38 | 125.6  | 10,430 | 489,459   | WTI Crude    |
| HOA   | 362.2400 | 2.7800 | 362.24 | 359.29 | 360.29 | 1,080  | 74,964    | Heating Oil  |
| RBA   | 309.23   | 1.59   | 309.5  | 307.5  | 307.5  | 1,381  | 62,057    | Unleaded Gas |
| NGA   | 94.32    | 1.0900 | 94.4   | 92.8   | 93.46  | 780    | 403,104   | 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**

| 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.CLAQ08    | 127.25 |                |              |                |                | F.QOQ08     | #VALUE! |                |              |                |                |
| F.CLAU08    | 126.18 | 0.00           | 267,709      | 9,348          | SEP            | F.QOU08     | 127.02  | 85,423         | 110,830      | 13,250         | SEP            |
| F.CLAV08    | 126.65 | 0.00           | 73,718       | 1,575          | OCT            | F.QOV08     | 128.11  | 114,572        | 49,891       | 5,310          | OCT            |
| F.CLAX08    | 126.85 | 0.00           | 32,186       | 533            | NOV            | F.QOX08     | 129.11  | 38,678         | 28,570       | 2,581          | NOV            |
| F.CLAZ08    | 127.05 | 0.00           | 69,762       | 1,448          | DEC            | F.QOZ08     | 129.80  | 67,936         | 37,334       | 4,823          | DEC            |
| F.CLAF09    | 127.07 | 0.00           | 11,177       | 57             | JAN            | F.QOF09     | 130.21  | 27,204         | 8,191        | 1,148          | JAN            |
| F.CLAG09    | 126.01 | 0.00           | 3,781        | 0              | FEB            | F.QOG09     | 130.77  | 21,963         | 6,256        | 937            | FEB            |

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

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.

