

## The Morning Email: Oil

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

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## ENERGY MATRIX - NYMEX PRODUCTS

NYMEX	Last	NET	High	Low	Open	Volume	Yest. Vol	SYM Name
<b>CLA</b>	44.98	0.37	45.64	43.79	44.66	14,346	588,632	WTI Crude
<b>HOA</b>	147.3800	3.1300	148.8	144.15	144.75	932	91,942	Heating Oil
<b>RBA</b>	103.23	2.68	104.05	99.76	101.1	1,219	61,602	Unleaded Gas
<b>NGA</b>	55.45	-0.7400	56.21	55.12	55.99	487	121,071	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.

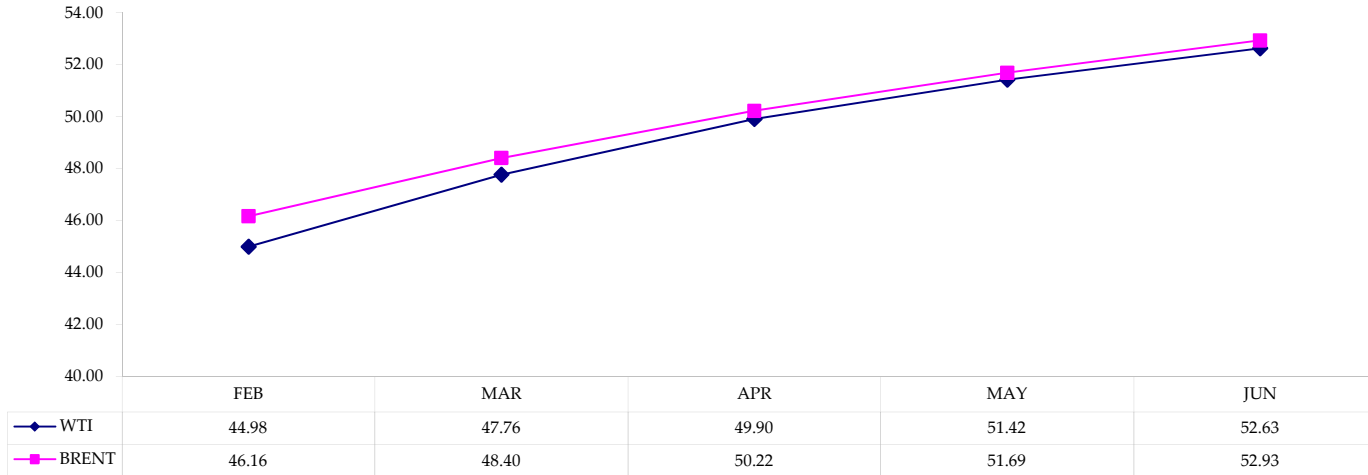
Economic Release Estimates, from Bloomberg

<HELP> for explanation. N108 n Index ECO  
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1) Custom Calendars		2) Options		3) Economic Calendars			
Region	North America	Country	United States	Type	Energy / Commodities		
Date	12/18/08		05:13:26	United States: Energy / Commodities			
Date	Time A M	Event	Period	Survey	Actual	Prior	Revised
23)	12/18 08:30	Constellation Energy Executives on 2009 Outlook					
24)	12/18 09:35	EIA Natural Gas Storage Change	DEC 12	-115	-	-67	-
25)	12/19 12:00	Baker Hughes U.S. Rig Count	DEC 19	-	-	1790	-
26)	12/23 13:00	Spending Pulse Gas Demand	DEC 19	-	-	9.10	-
27)	12/24 09:35	DOE U.S. Crude Oil Inventories	DEC 19	-	-	-	-
28)	12/24 09:35	DOE U.S. Gasoline Inventories	DEC 19	-	-	-	-
29)	12/24 09:35	DOE U.S. Distillate Inventory	DEC 19	-	-	-	-
30)	12/24 09:35	DOE U.S. Refinery Utilization	DEC 19	-	-	-	-
31)	12/24 09:35	DOE Cushing OK Crude Inventory	DEC 19	-	-	-	-
32)	12/24 09:35	API U.S. Crude Oil Inventories	DEC 19	-	-	-	-
33)	12/24 09:35	API U.S. Gasoline Inventories	DEC 19	-	-	-	-
34)	12/24 09:35	API U.S. Distillate Inventory	DEC 19	-	-	-	-
35)	12/24 11:00	EIA Natural Gas Storage Change	DEC 19	-	-	-	-
36)	12/26 12:00	Baker Hughes U.S. Rig Count	DEC 26	-	-	-	-
37)	12/30 13:00	Spending Pulse Gas Demand	DEC 26	-	-	-	-
38)	12/31 09:35	DOE U.S. Crude Oil Inventories	DEC 26	-	-	-	-
39)	12/31 09:35	DOE U.S. Gasoline Inventories	DEC 26	-	-	-	-
40)	12/31 09:35	DOE U.S. Distillate Inventory	DEC 26	-	-	-	-
41)	12/31 09:35	DOE U.S. Refinery Utilization	DEC 26	-	-	-	-

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.CLAF09	40.43	0.00	153,867	3,944	JAN	F.QOF09	#VALUE!				
F.CLAG09	44.98	0.00	233,395	10,089	FEB	F.QOG09	46.16	0	131,501	19,021	FEB
F.CLAH09	47.76	0.00	62,064	2,488	MAR	F.QOH09	48.40	0	61,824	11,229	MAR
F.CLAJ09	49.90	0.00	233,395	10,089	APR	F.QOJ09	50.22	0	131,501	19,021	APR
F.CLAK09	51.42	0.00	14,265	252	MAY	F.QOK9	51.69	0	10,405	1,434	MAY
F.CLAM09	52.63	0.00	34,442	261	JUN	F.QOM9	52.93	0	131,501	943	JUN
F.CLAN09	52.96	0.00	8,945	72	JUL	F.QON09	54.14	0	7,008	276	JUL
F.CLAQ09	54.12	0.00	4,206	55	AUG	F.QOQ09	55.10	0	3,740	161	AUG
F.CLAU09	54.70	0.00	4,120	15	SEP	F.QOU09	55.96	0	2,978	186	SEP
F.CLAV09	55.35	0.00	3,248	2	OCT	F.QOV09	56.79	0	4,199	226	OCT
F.CLAX09	56.40	0.00	2,890	2	NOV	F.QOX09	57.00	0	3,832	487	NOV
F.CLAZ09	57.25	0.00	25,086	734	DEC	F.QOZ09	58.05	0	14,723	1,505	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.