

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	41.57	-0.1	42.65	41.35	42.17	15,078	424,447	WTI Crude
HOA	139.4500	2.1600	141.33	138.17	139.51	1,375	102,116	Heating Oil
RBA	97.5	1.21	98.84	97.36	98.1	503	68,810	Unleaded Gas
NGA	55.16	-0.3200	55.8	55.09	55.59	439	126,035	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.

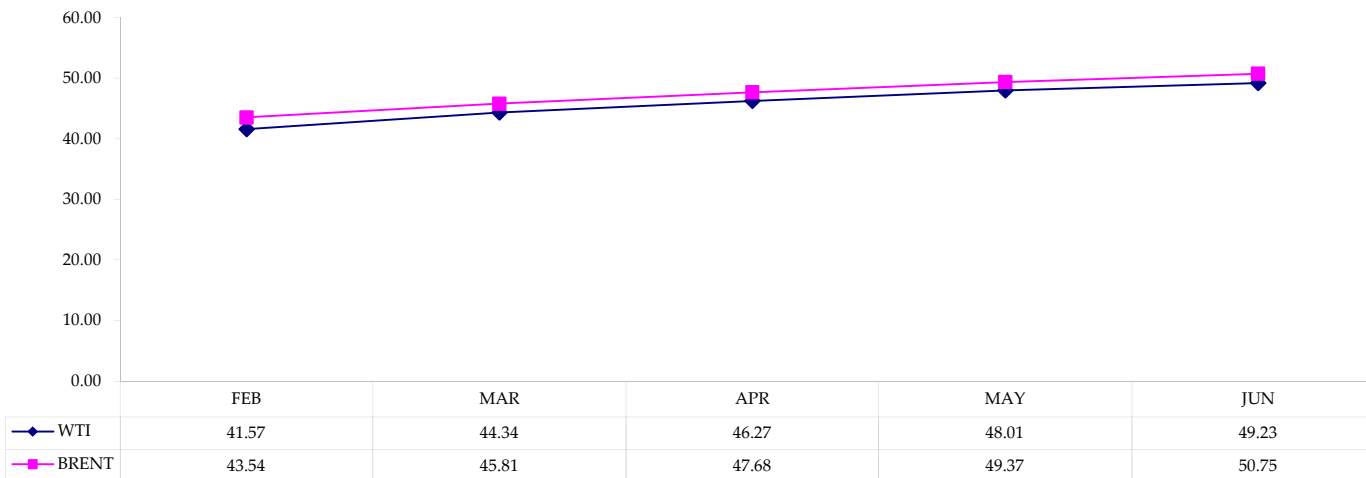
Economic Release Estimates, from Bloomberg

<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	33.61	0.00	46,152	2,711	JAN	F.QOF09	#VALUE!				
F.CLAG09	41.57	0.00	200,913	12,916	FEB	F.QOG09	43.54	129,790	107,259	17,988	FEB
F.CLAH09	44.34	0.00	53,397	3,247	MAR	F.QOH09	45.81	112,926	50,155	9,184	MAR
F.CLAJ09	46.27	0.00	200,913	12,916	APR	F.QOJ09	47.68	129,790	107,259	17,988	APR
F.CLAK09	48.01	0.00	13,932	549	MAY	F.QOK9	49.37	19,431	9,069	2,170	MAY
F.CLAM09	49.23	0.00	23,651	307	JUN	F.QOM9	50.75	36,728	107,259	1,625	JUN
F.CLAN09	50.60	0.00	7,499	117	JUL	F.QON09	51.87	17,451	3,493	376	JUL
F.CLAQ09	52.21	0.00	3,787	144	AUG	F.QOQ09	53.58	10,292	2,440	323	AUG
F.CLAU09	52.69	0.00	4,152	95	SEP	F.QOU09	54.54	14,324	2,271	348	SEP
F.CLAV09	54.80	0.00	4,011	63	OCT	F.QOV09	54.76	8,796	1,819	155	OCT
F.CLAX09	54.25	0.00	3,649	30	NOV	F.QOX09	56.10	11,287	2,056	45	NOV
F.CLAZ09	54.55	0.00	17,435	263	DEC	F.QOZ09	56.10	52,634	9,944	999	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.