

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	55.68	-1.36	56.74	55.49	56.74	19,237	489,684	WTI Crude
HOA	180.9700	-2.2100	182.5	179.49	180.26	758	64,989	Heating Oil
RBA	120.23	-3.68	123.05	120.23	122.5	857	51,545	Unleaded Gas
NGA	63.9	0.7800	63.99	63.2	63.61	757	126,275	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

	Last	Yest. Open Int	Yest. Volume	Today's Volume	Contract Month
F.CLAX08	#VALUE!				
F.CLAZ08	55.68	0.00	245,858	13,877	DEC
F.CLAF09	56.33	0.00	115,453	10,229	JAN
F.CLAG09	57.20	0.00	31,005	1,066	FEB
F.CLAH09	58.05	0.00	24,117	1,058	MAR
F.CLAJ09	59.70	0.00	31,005	1,066	APR

ICE - BRENT

	Last	Yest. Open Int	Yest. Volume	Today's Volume	Contract Month
F.QOX08	#VALUE!				
F.QOZ08	#VALUE!				
F.QOF09	53.15	125,768	105,645	17,133	JAN
F.QOG09	55.23	106,759	49,343	5,314	FEB
F.QOH09	57.00	38,768	23,483	3,293	MAR
F.QOJ09	58.46	106,759	49,343	5,314	APR

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

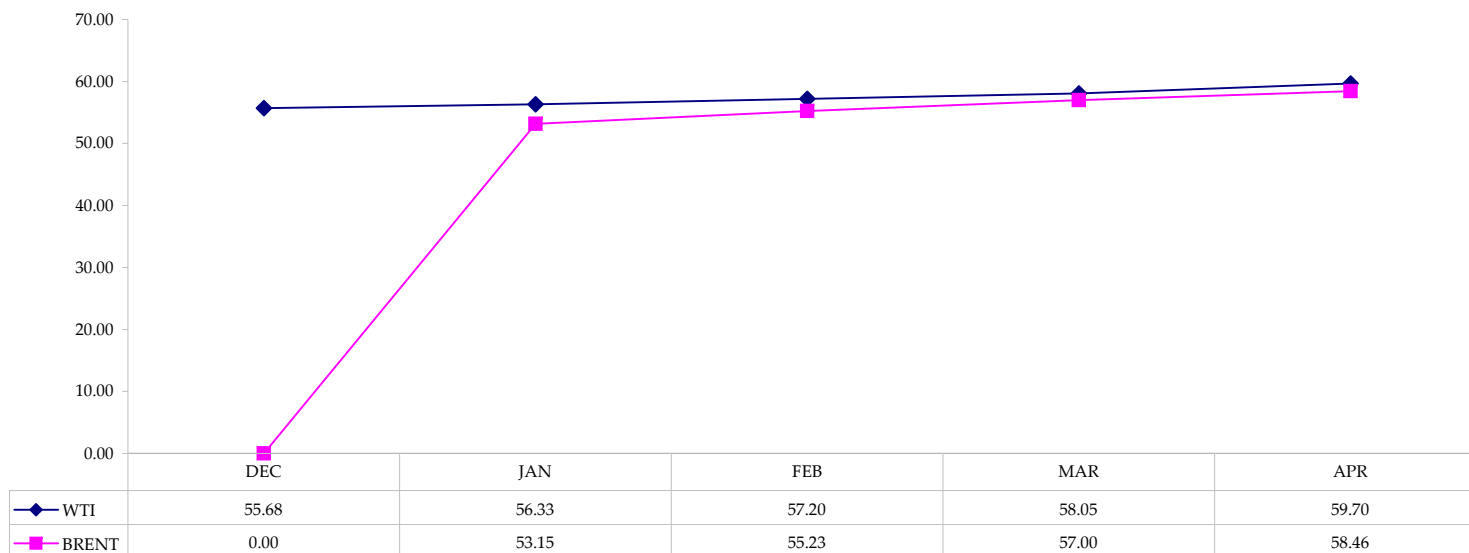
Backwardation: Opposite of Contango

"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.



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Crack Spreads relative to Crude:

If crack spread weak then less incentive to store crude.

That's bearish for crude.

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