

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	105.38	-2.64	108.11	104.25	107.7	17,528	382,679	WTI Crude
HOA	298.9600	-5.8700	305.15	297.28	304.89	738	86,274	Heating Oil
RBA	256.7	-8.05	263.7	255.19	263.65	796	84,624	Unleaded Gas
NGA	79.06	-0.2500	79.8	78.77	79.78	631	186,194	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	105.38	0.00	230,133	15,585	NOV
F.CLAZ08	104.65	0.00	87,131	3,661	DEC
F.CLAF09	104.67	0.00	28,610	1,262	JAN
F.CLAG09	104.60	0.00	8,840	465	FEB
F.CLAH09	106.33	0.00	7,594	122	MAR
F.CLAJ09	105.66	0.00	8,840	465	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

ICE - BRENT

	Last	Yest. Open Int	Yest. Volume	Today's Volume	Contract Month
F.QOX08	102.14	82,191	115,887	19,263	NOV
F.QOZ08	103.13	117,997	70,194	12,206	DEC
F.QOF09	104.02	50,801	23,891	2,337	JAN
F.QOG09	104.73	28,967	8,765	1,300	FEB
F.QOH09	105.39	21,990	6,314	724	MAR
F.QOJ09	105.98	28,967	8,765	1,300	FEB

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.

