

MARKET COMMENTARY

OUTLOOK *The week's roller coaster ride ended with Friday's 2% price rebound, taking back Thursday's equally sharp losses on a weaker dollar and better than expected US economic data. Product prices benefitted from monthly expiration, evidently reflecting short covering of the outgoing contracts. This morning's early strength has faded as of writing, but reflects both a major surge in copper after major producer Chile's earthquake, and a weaker dollar against the Euro on news that the German government is supporting the country's banks to resolve the Greek financial crisis. With technical support and a return of fund length, the market is showing the potential to move higher and retest 2010 highs*

From a broader perspective, however, \$80 hangs on so far as the upside target, and the longer it remains out of reach, the more of a barrier it becomes. Prices are definitely at the top end of a trading range. Many analysts are betting on continued strength in the dollar until it is clear how and when the Euro Zone's various sovereign debt crisis will be resolved. Secondly, US and global economic recovery, a major factor in getting prices up to current levels, is still not at all certain, and there is likely to be conflicting data over the next few months until the uncertainty diminishes.

As noted, technical analysis is supportive, signaling a continuation of the rally. A pop over \$80.45 is necessary for an move to \$81.45, the next major objective and the key to further advances. If the \$80-80.45 barrier holds, the market could trade sideways for a day or so. Higher heating oil prices hinge on a close above \$2.0525, not too far away.

NYMEX - PRIOR SETTLEMENTS

Heating Oil		
Month	Close	Change
March	\$2.0249	\$0.0387
April	\$2.0353	\$0.0367
May	\$2.0488	\$0.0359
June	\$2.0641	\$0.0354
July	\$2.0831	\$0.0352
August	\$2.1018	\$0.0346
September	\$2.1219	\$0.0340
October	\$2.1452	\$0.0336
November	\$2.1687	\$0.0333
December	\$2.1922	\$0.0329
January	\$2.2157	\$0.0326
February	\$2.2291	\$0.0322
March	\$2.2291	\$0.0317
April	\$2.2181	\$0.0312
May	\$2.2121	\$0.0307
June	\$2.2106	\$0.0297
July	\$2.2206	\$0.0292
August	\$2.2341	\$0.0287
Nov-Mar 10-11 NYMEX strip***		\$2.2095
*** Degree day weighted		
Other NYMEX		
	Close	Change
Crude	\$79.66	\$1.49
Natural Gas	\$4.81	\$0.05
Gasoline	\$2.0788	\$0.0418

INVENTORY/DEGREE DAY HIGHLIGHTS

	2010	+/-	2009	3 yr-avg
Crude oil	338	+3.0	351	330
Gasoline	231	-0.9	215	223
Distillates	153	-0.6	142	129
PADD 1	62	+0.6	50	47
N, Eng	11.6	+0.4	11.1	9.7
Ref runs	81	+1	81	84

HEATING DEGREE DAYS								
	----DAY----			--SEASON--				
Date	2010	2009	2010	2009% diff	2010	2009% diff.		
25-Feb	24	36	798	825	-3%	3834	4038	-5%

PETROLEUM CHARTS

