

Nd MARKET COMMENTARY

EIA Weekly Inventory Estimates

Crude -1.8MB, Gasoline +0.6MB, Distillates +1.6MB

OUTLOOK Yesterday's seesaw market ended up mostly unchanged with a surging stock market and a weakening dollar offsetting the reaction to Bonnie's fizzle and the return to full production of the 50% of offshore production shut in as a precaution. On the economic front, better than expected FedEx earnings suggested that the recovery is on track at least as far as shipments are concerned. Prices remain at the upper end of the \$70-80 trading range and technical analysts particularly are waiting to see if they can break out into the low \$80's from here.

Tonight's API inventory report and tomorrow's more widely anticipated EIA equivalent (see estimates above) are projected to show the recent trend pattern of a declining crude oil stocks but a bigger build in products. As usual, demand will be the most closely watched element as a barometer for the future correction of the current oversupply. Gasoline over the past several weeks is running a rather anemic 0.2% over last year's recession impacted levels but distillate consumption has been showing a more dramatic 7-8% increase, suggesting that commercial transportation is picking up.

Technically, as previously noted, prices are at a crucial level where last week's push up from congestion projects a test of the late June swing high of \$79-80. A break of major resistance at \$80.35 suggests a further advance to the mid \$82 mark but failure signals a return to congestion. Only a close below \$77.50 voids the current breakout and the even more remote \$76 represents a reversal.

NYMEX - PRIOR SETTLEMENTS

<u>Heating Oil</u>		
Month	Close	Change
August	\$2.0426	-\$0.0079
September	\$2.0711	-\$0.0075
October	\$2.0986	-\$0.0072
November	\$2.1257	-\$0.0070
December	\$2.1520	-\$0.0067
January	\$2.1784	-\$0.0069
February	\$2.1971	-\$0.0069
March	\$2.2054	-\$0.0070
April	\$2.2046	-\$0.0064
May	\$2.2054	-\$0.0053
June	\$2.2092	-\$0.0041
July	\$2.2234	-\$0.0034
August	\$2.2381	-\$0.0031
September	\$2.2578	-\$0.0028
October	\$2.2778	-\$0.0028
November	\$2.2968	-\$0.0028
December	\$2.3148	-\$0.0028
January	\$2.3318	-\$0.0028
Nov-Mar 10-11 NYMEX strip***		\$2.1745
*** Degree day weighted		
<u>Other NYMEX</u>		
	Close	Change
Crude	\$78.98	\$0.00
Natural Gas	\$4.6320	\$0.0490
Gasoline	\$2.1058	(\$0.0164)

INVENTORY HIGHLIGHTS

	2010	Change	2009	3-yr avg
Crude oil	353	+0.4	343	330
Gasoline	222	+1.1	215	212
Distillates	167	+3.9	161	137
PADD 1	68	+2.7	68	53
N. Eng	11.1	+0.2	11.5	10.1
Ref runs	92	+1	86	88

PETROLEUM CHARTS

