

MARKET COMMENTARY

OUTLOOK Yesterday's weak opening intensified during the day and although by the close prices were well off their lows, they still settled down a sharp 2% The weakening effect of a stronger dollar was later compounded by poor US unemployment and durable goods reports, reviving doubts over economic recovery. This morning's stronger opening comes on the release of the revised 4Q US GDP report at 5.9%, a little better than the previous 5.7%. However, it seems safe to conclude that last week's upward push will have difficulty resuming.

Also safe to conclude is that the increased volatility of the last few weeks, characterized by sharp movements both up and down depending on the concerns du jour, will continue for the next two or three months. Alternating focus on current weak supply and demand fundamentals and either a) bullish or b) bearish economic news, interspersed with more momentous developments like the Greek (and possibly other European) financial crisis make any rational analysis impossible, if it ever was. Perhaps by May a clearer picture will emerge of whether economic recovery is on the way or not, setting the direction for the rest of the year. To quote the Great Guru of the Truck Stops out there in the land of the beautiful Pamela Rogers, "Welcome to 2010, ...buckle your seatbelts and grab the barf bag; it's going to get bumpy".

Technically, Thursday's slide pushed values through layers of support, and also puts in doubt a return to the up trend. A relatively tight range of \$77.40 to \$79.35 in crude and \$1.9840 to \$2.0530 in heating oil mark the lower and upper keys to further direction.

NYMEX - PRIOR SETTLEMENTS

<u>Heating Oil</u>		
Month	Close	Change
March	\$1.9862	(\$0.0559)
April	\$1.9986	(\$0.0553)
May	\$2.0129	(\$0.0548)
June	\$2.0287	(\$0.0549)
July	\$2.0479	(\$0.0548)
August	\$2.0672	(\$0.0547)
September	\$2.0879	(\$0.0543)
October	\$2.1116	(\$0.0540)
November	\$2.1354	(\$0.0537)
December	\$2.1593	(\$0.0533)
January	\$2.1831	(\$0.0528)
February	\$2.1969	(\$0.0522)
March	\$2.1974	(\$0.0522)
April	\$2.1869	(\$0.0527)
May	\$2.1814	(\$0.0532)
June	\$2.1809	(\$0.0537)
July	\$2.1914	(\$0.0532)
August	\$2.2054	(\$0.0532)
Nov-Mar 10-11 NYMEX strip***		\$2.1770
*** Degree day weighted		
<u>Other NYMEX</u>		
	Close	Change
Crude	\$78.17	(\$1.83)
Natural Gas	\$4.77	(\$0.09)
Gasoline	\$2.0370	(\$0.0619)

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-----		-----MTD-----		-----SEASON-----				
Date	2010	2009	2010	2009% diff	2010	2009% diff.		
22-Feb	27	29	720	717	0%	3756	3930	-4%

PETROLEUM CHARTS

