

MARKET COMMENTARY

OUTLOOK On the prevailing tide of bullish sentiment, prices rallied strongly through \$80 to close near \$81 Wednesday, and are holding close to that level this morning. The main contributor was the slipping dollar, mostly due to a resurgent Euro on news of drastic austerity measures planned by the Greek government to stave off default. Overnight reports of new sabotage in Nigeria are helping offset a mild pullback on the opening this morning. Lastly, analysts will be watching crude oil resistance in the mid- to upper-\$81's as the key to further advances.

One victim of yesterday's surge was a mostly bearish EIA Inventory Report (see Inventory Highlights box), in which crude oil stocks rose sharply by 4.1 million barrels, twice expectations, while gasoline and distillates came in in line with forecasts with a small increase and decrease respectively. Bucking the bearish numbers were total product demand, up 3% from 2009 and much better than in recent weeks. Distillate demand was down only 4.8%, a significant improvement over the 8-9% lag of the last several months. With the importance of projected demand improvement an essential factor in sustaining current price levels, these numbers bear watching in the forthcoming weeks.

As noted above, with the week's overall push through \$80 and predictions that January's highs near \$84 are due for a retest, technical analysis is supportive. The focus is on resistance starting at \$81.25 and running through \$81.80, with the latter opening up further rallies. Failure to break through \$81.45 suggests consolidation back to \$80 for a couple of days. Nothing very bearish here.

NYMEX - PRIOR SETTLEMENTS

<u>Heating Oil</u>		
Month	Close	Change
April	\$2.0937	\$0.0376
May	\$2.1037	\$0.0371
June	\$2.1146	\$0.0363
July	\$2.1311	\$0.0360
August	\$2.1474	\$0.0358
September	\$2.1655	\$0.0349
October	\$2.1873	\$0.0342
November	\$2.2101	\$0.0340
December	\$2.2333	\$0.0339
January	\$2.2554	\$0.0335
February	\$2.2668	\$0.0329
March	\$2.2648	\$0.0319
April	\$2.2518	\$0.0309
May	\$2.2438	\$0.0299
June	\$2.2413	\$0.0294
July	\$2.2508	\$0.0294
August	\$2.2638	\$0.0294
September	\$2.2793	\$0.0294
Nov-Mar 10-11 NYMEX strip***		\$2.2486
*** Degree day weighted		
<u>Other NYMEX</u>		
	Close	Change
Crude	\$80.87	\$1.19
Natural Gas	\$4.76	\$0.05
Gasoline	\$2.2476	\$0.0510

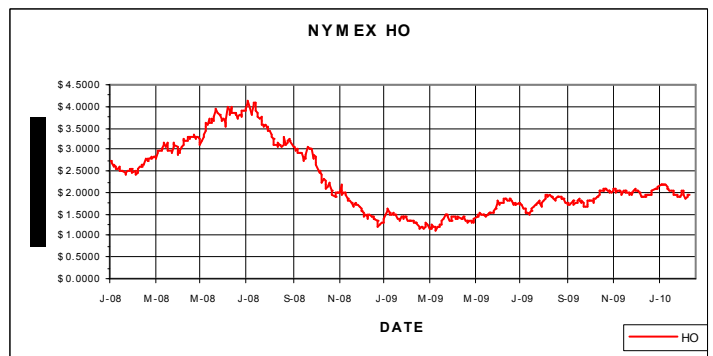
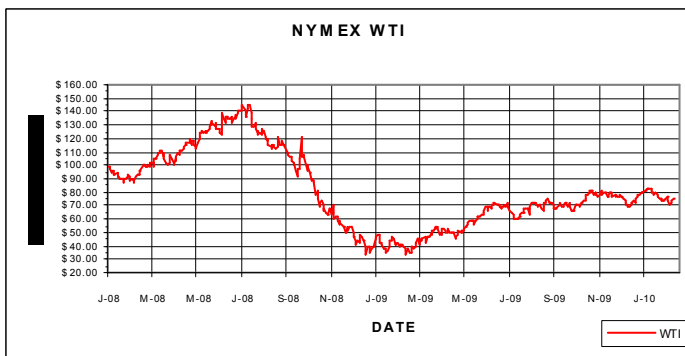
INVENTORY/DEGREE DAY HIGHLIGHTS

	2010	+/-	2009	3 yr-avg
Crude oil	342	+4.0	351	327
Gasoline	232	+0.8	216	222
Distillates	152	-0.8	143	128
PADD 1	62	-0.6	52	47
N. Eng	11.4	-0.2	8.9	9.7
Ref runs	82	+1	83	85

HEATING DEGREE DAYS - BOSTON

Date	-----DAY---		---MTD---		--SEASON--	
	2010	2009	2010	2009% diff	2010	2009% diff.
3/1	24	39	24	39	3944	4146 -5%

PETROLEUM CHARTS



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