

MARKET COMMENTARY

OUTLOOK A strong recovery in the US dollar, up a full Euro after an EU announcement that interest rates would be kept low, pressured oil prices lower Thursday. Prices lost about half of Wednesday's sharp gains. Today's opening bounce back is attributed to a report that China will continue with its economic stimulus program, contradicting earlier signals of a tighter monetary policy. Also contributing to the rally are upbeat numbers in the this morning's key US February payroll report, showing a smaller than expected job losses and a decline, albeit small (9.75 from 9.8%) in overall unemployment. Supportive technicals are again pushing crude oil prices into major resistance in the low-to-mid \$81 range, suggesting a potential break through to test the January high at \$83.95.

Apart from the crucial role of the dollar, the other major price consideration is the prospect that global economic recovery will result in increased demand enough to eat away at the overhang of petroleum stocks and offset persistent OPEC noncompliance with quotas. As uncertain as the economic recovery remains, there is some evidence that the massive surplus of floating inventory is already occurring.

In addition to the crude oil technical considerations in the **Outlook** above, the bullish technical outlook that has prevailed over the past week has been getting a lot of help from gasoline where the focus is on critical resistance at \$2.2580. Through this and the way is clear to \$2.30 and another possible 10-15 cents a gallon after that, with the potential for lifting the entire complex to a new level. Fail the \$2.2580, and the entire price advance off the February lows is threatened. High drama.

NYMEX - PRIOR SETTLEMENTS

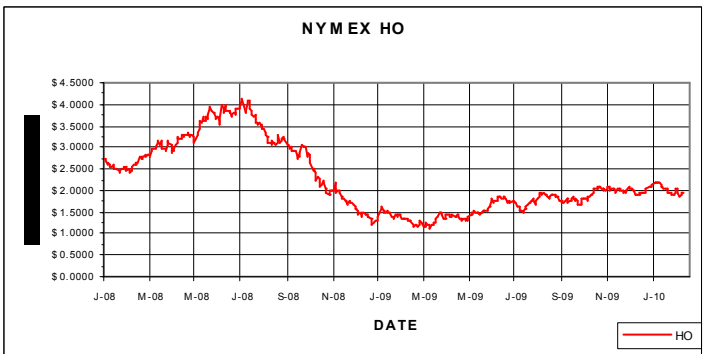
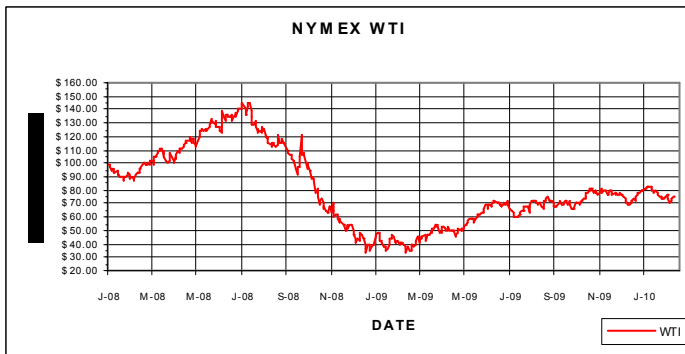
<u>Heating Oil</u>		
Month	Close	Change
April	\$2.0687	(\$0.0250)
May	\$2.0814	(\$0.0223)
June	\$2.0946	(\$0.0200)
July	\$2.1135	(\$0.0176)
August	\$2.1317	(\$0.0157)
September	\$2.1506	(\$0.0149)
October	\$2.1731	(\$0.0142)
November	\$2.1966	(\$0.0135)
December	\$2.2209	(\$0.0124)
January	\$2.2437	(\$0.0117)
February	\$2.2556	(\$0.0112)
March	\$2.2540	(\$0.0108)
April	\$2.2411	(\$0.0107)
May	\$2.2330	(\$0.0108)
June	\$2.2304	(\$0.0109)
July	\$2.2399	(\$0.0109)
August	\$2.2529	(\$0.0109)
September	\$2.2689	(\$0.0104)
Nov-Mar 10-11 NYMEX strip***		\$2.2368
*** Degree day weighted		
<u>Other NYMEX</u>		
	Close	Change
Crude	\$80.21	(\$0.66)
Natural Gas	\$4.58	(\$0.18)
Gasoline	\$2.2337	(\$0.0139)

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-----						
	----DAY---		--MTD----		--SEASON--	
Date	2010	2009	2010	2009% diff	2010	2009% diff.
3/3	29	44	78	126 -38%	3998	4233 -6%

PETROLEUM CHARTS



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