

MARKET COMMENTARY

OUTLOOK *The rally begun Wednesday continued yesterday, supported early by a mildly encouraging US jobs claim report but later more significantly by a declining dollar. A faltering equities market may have dampened bullish sentiment but the reaction to this morning's key US Q2 GDP revision report, expected to cut the previous 2.4% growth to 1.4%, may be the key to how much steam the rally has left. Overall, in spite of the sharp two-day correction, most observers remain skeptical that a significant reversal has occurred, but if it continues through today, they may have to rethink their position.*

As usual, when what appears to be a significant trend - in this case the steep \$10 decline in crude oil prices from the low \$80's to the low \$70's - comes to an end, the inevitable question of whether a bottom is in place or its merely a correction where, as the Great Guru of Knoxville says, with the possible exception of Brett Favre's career, nothing goes on forever. Since the slide owes so much, at least indirectly, to the perception that the much hyped "double dip" is taking place, the answer will depend heavily on where that goes. Also as usual, ironically the worse the economic outlook, the better for lower energy prices...

Meantime, not much doubt on the technical side. Indicators continue to suggest that the downtrend is in place, targeting a test of various support levels in the upper \$60's and seeing only a close over \$75 as constituting a technical reversal. Meantime, they do not rule out a continuation of a short term correction, say over the next couple days or so, before a return to further declines.

NYMEX - PRIOR SETTLEMENTS

Heating Oil		
Month	Close	Change
September	\$2.0092	\$0.0386
October	\$2.0236	\$0.0380
November	\$2.0453	\$0.0367
December	\$2.0682	\$0.0359
January	\$2.0923	\$0.0359
February	\$2.1075	\$0.0351
March	\$2.1128	\$0.0329
April	\$2.0812	\$0.0276
May	\$2.0836	\$0.0280
June	\$2.0876	\$0.0285
July	\$2.1027	\$0.0285
August	\$2.1197	\$0.0285
September	\$2.1407	\$0.0283
October	\$2.1619	\$0.0280
November	\$2.1804	\$0.0280
December	\$2.1972	\$0.0280
January	\$2.2137	\$0.0280
February	\$2.2212	\$0.0280
Nov-Mar 10-11 NYMEX strip***		\$2.0877
*** Degree day weighted		
Other NYMEX		
	Close	Change
Crude	\$73.36	\$0.84
Natural Gas	\$3.8580	(\$0.0380)
Gasoline	\$1.9085	\$0.0446

INVENTORY HIGHLIGHTS

Crude oil	358	+4.1	344	328
Gasoline	226	+2.3	208	199
Distillates	176	+1.8	162	141
PADD 1	72	+0.3	69	57
N. Eng	13.4	+0.2	12	10.4
Ref runs	88	-2	84	87

PETROLEUM CHARTS

