

MARKET COMMENTARY

OUTLOOK Friday's wide trading range first saw crude oil prices threaten to break key support at \$73, trading down to \$72 before staging a strong recovery over \$74. It really was macroeconomics day on the Nymex as first a downward revision to the Q2 GDP generally cheered investors who thought it would be worse and then a determined speech by Fed Reserve Chairman Bernanke that the central bank would do whatever it took to get the economy going sparked a surge on Wall Street. The economic optimism is wearing off a little this morning with the mild pull-back, but last week's three days of strong advances off support have pushed them back to the middle of the \$70-80 trading range, and whether they hold here or advance further is unclear.

There is no doubt the key factor influencing the market, trumping weather, geopolitics, supply and demand variables and inventory data, is the US equities market. For the correlation between the two since January see the first attachment above, and it has been even tighter over the past six weeks (second attachment). There is a slew of economic reports due out this week, personal income and spending today, consumer confidence tomorrow, employment Wednesday, factory orders and home sales Thursday, and Friday's key payroll report, so it could be a volatile few days.

Technically the bounce off \$72 suggests a short term bottoming turnaround, A close over \$75.70 would confirm a reversal of the bear trend and trigger further advances toward the mid-\$77's. A stall out around that \$75.70 alerts for secondary dips back towards \$73 but a settle below \$72.60 is needed to rekindle the bear trend.

NYMEX - PRIOR SETTLEMENTS

<u>Heating Oil</u>		
Month	Close	Change
September	\$2.0443	\$0.0351
October	\$2.0575	\$0.0339
November	\$2.0794	\$0.0341
December	\$2.1029	\$0.0347
January	\$2.1276	\$0.0353
February	\$2.1426	\$0.0351
March	\$2.1494	\$0.0350
April	\$2.1502	\$0.0349
May	\$2.1530	\$0.0355
June	\$2.1581	\$0.0364
July	\$2.1743	\$0.0369
August	\$2.1921	\$0.0374
September	\$2.2139	\$0.0377
October	\$2.2351	\$0.0377
November	\$2.2536	\$0.0377
December	\$2.2714	\$0.0380
January	\$2.2887	\$0.0383
February	\$2.2967	\$0.0383
Nov-Mar 10-11 NYMEX strip***		\$2.1229
*** Degree day weighted		
<u>Other NYMEX</u>		
	Close	Change
Crude	\$75.17	\$1.81
Natural Gas	\$3.7180	(\$0.1250)
Gasoline	\$1.9479	\$0.0394

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

