

**MARKET COMMENTARY**

**Please note: The next Sprague Marketwatch will be Friday September 10.**

**OUTLOOK** Yesterday's choppy down-early up-late market ended on a stronger note but still short of the upside breakout of what appears to be setting up as a short term \$72-75 mini-trading range. Apart from some relatively inconsequential news - another Gulf well incident, hurricanes coming but mostly going, moderately positive economic reports - there was nothing to get the market very excited. This morning all eyes are on the 8.30 key non-farm payroll report, potentially expected to be a little bit of a downer, with consequent impact on energy prices, However, unless the numbers are a real disappointment, there is nothing to suggest a violent change in market values in today's likely thin pre-holiday trading.

When there's nothing very much else to talk about, it's always fun to look at oil price forecasts, where they've been and where they are now. For 2010, a January poll of the 30 top banks and commodity hoses ranged from \$94 (guess who?...Goldman Sachs) to \$65 (good old Deutsche Bank—is our bias showing?), with a mean of \$77.50. To date the average is \$77.90. The August version shows a high of \$82.90 (not GS, who now says \$80—close to where it's been), to a low of \$73, with an average \$78.25, with implications for about a \$4.00 - 10 cent/gal recovery from current levels. Another hmmm.

Technically, they like it. Yesterdays' rally, while not conclusive, alerts for a new attempt to test resistance at \$75.70 for a larger bottom and a move to \$78. \$74-73 supplies the floor, with \$73 the major key to further declines. On a longer-term note, one analyst projects \$65 over the next two months (see attachment).

**NYMEX - PRIOR SETTLEMENTS**

<u>Heating Oil</u>		
Month	Close	Change
September	\$2.0623	\$0.0212
October	\$2.0840	\$0.0208
November	\$2.1076	\$0.0205
December	\$2.1349	\$0.0210
January	\$2.1519	\$0.0206
February	\$2.1588	\$0.0193
March	\$2.1580	\$0.0176
April	\$2.1608	\$0.0173
May	\$2.1663	\$0.0174
June	\$2.1823	\$0.0174
July	\$2.1998	\$0.0174
August	\$2.2216	\$0.0174
September	\$2.2423	\$0.0171
October	\$2.2608	\$0.0169
November	\$2.2783	\$0.0166
December	\$2.2968	\$0.0166
January	\$2.3053	\$0.0166
February	\$2.3058	\$0.0166
Nov-Mar 10-11 NYMEX strip***		\$2.1447
*** Degree day weighted		
<u>Other NYMEX</u>		
	Close	Change
Crude	\$75.02	\$1.11
Natural Gas	\$4.0750	\$0.0500
Gasoline	\$1.9216	\$0.0325

**INVENTORY HIGHLIGHTS**

	2010	Change	2009	3-yr avg
Crude oil	362	+3.4	343	328
Gasoline	225	-0.2	205	197
Distillates	175	-0.8	164	142
PADD 1	73	+0.3	70	58
N. Eng	13.1	-0.1	12.3	10.6
Ref runs	87	-1	87	89

**PETROLEUM CHARTS**

