EnMark Energy News

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EnMark Energy News Dallas, Texas (214) 965-9580

EIA WEEKLY STATUS REPORT - PETROLEUM STOCKS **EIA**

(million barrels)	**02/26/10**	**02/19/10**	**CHANGE**	**02/26/09**
CRUDE OIL (exc spr)	341.6	337.5	4.1	354.7
GASOLINE............	231.9	231.2	0.7	215.9
JET FUEL............	43.3	43.7	-0.4	42.6
DISTILLATE FUEL.....	151.8	152.7	-0.9	145.8
HEATING OIL.........	42.3	42.7	-0.4	36.5
RESIDUAL FUEL.......	40.0	40.0	UNCH	38.8
PROPANE/PROPYLENE...	26.8	27.4	-0.6	40.5
UNFINISHED OILS.....	81.1	81.5	-0.4	88.1
OTHER OILS..........	130.1	133.0	-2.9	137.9
TOTAL STOCK (exc spr)	1,046.6	1,046.9	-0.3	1,064.3
STRATEGIC PET.RESERV	726.6	726.6	UNCH	705.4
ALL STOCKS (inc spr)	1,773.2	1,773.6	-0.4	1,769.6

05:45 03Mar10 -BUY OR SELL-Will oil break out of $78-$80 range?

LONDON, March 3 (Reuters) - Crude oil is trading within a narrow band of $78 a barrel to $80 a barrel, focusing attention on whether the market is likely to break out of that range. Oil in New York on Tuesday hit a seven-week intra-day high of $80.95. But it closed on Tuesday at $79.68 -- below $80 and $80.50, key resistance levels which have capped rallies. With oil prices influenced as much by economic data as data on oil supply, demand and stocks, two sets of figures this week have the potential to move prices out of their current range. The U.S. government's Energy Information Administration issues weekly inventory data at 1530 GMT on Wednesday. Analysts expect a 1.4 million-barrel increase in crude stocks and a 900,000-barrel drop in distillates, which include heating oil. Also important will be U.S. non-farm payrolls data on Friday, which will give an indication of the pace of economic recovery and the strength of demand in the world's largest consumer.

BUY

Some analysts see a chance that oil could higher. "Crude oil's charts look fairly constructive," said Edward Meir at MF Global in a report. "Given that we are in shooting distance of the January 2010 highs, we cannot exclude a test of those levels."Barclays Capital is also looking for a move higher, which would open the way for a return to the high set this year -- $83.95 reached on Jan. 11, the highest in 15 months. "A recovery above $80.78 would confirm, opening a move toward the larger range highs," the bank said in a report. Clive Lambert, technical analyst at FuturesTechs, also takes a fairly positive view of the outlook for U.S. crude, suggesting the next target should be around $81 per barrel. "We still prefer the bulls here," Lambert said. "Bold support has remained intact and, while it does, the balance of probability favours another move higher."

SELL

Ample supply because of rising OPEC production and healthy inventories, both on land and stored on tankers at sea, argue against a prolonged move above $80, according to other analysts. "We see little possibility for a sustained price level above $80 per barrel given the current uncertain economic outlook and weak fundamentals with on and offshore stocks remaining high as well as the absence of a strong pick-up in demand," JBC Energy said in a report. Commerzbank sees the prospect of a break higher, even though it is looking for lower prices based on fundamentals. "In the medium term, we expect lower prices given weak fundamentals, but at the moment positive market sentiment prevails and so a break higher is still a possibility," said Carsten Fritsch, analyst at Commerzbank. Reporting by Alex Lawler and Christopher Johnson.

11:47 03Mar10 RTRS-Oil rises towards $81, shrugs off US inventory rise

NEW YORK, March 3 (Reuters) - Oil rose toward $81 a barrel on Wednesday as a weaker dollar and rising equity markets outweighed a U.S. government report showing a large rise in crude inventories. U.S. crude stocks rose by 4.1 million barrels, the Energy Information Administration (EIA) said, more than the 1.4 million barrel increase forecast. Gasoline stocks rose 700,000 barrels, slightly more than expected. "The report is not making any difference today because crude is looking at the stock market which is moving up and the weakness in the dollar which is adding more support to the market," said Mike Zarembski, senior commodities analyst at optionsXpress in Chicago. U.S. crude rose $1.27 at $80.95 a barrel by 12:28 p.m. (1728 GMT), trading as high as $81.23 intra-day. In London, Brent crude gained $1.10 at $79.28. Crude oil is trading within a narrow band of $78 a barrel to $80 a barrel, focusing attention on whether the market is likely to break out of that range. Oil in New York on Tuesday hit a seven-week intra-day high of $80.95, within sight of Jan. 11's 15-month high at $83.95. "Crude oil's charts look fairly constructive," said Edward Meir at MF Global in a report. "Given that we are in shouting distance of the January 2010 highs, we cannot exclude a test of those levels." The EIA report followed data from industry body the American Petroleum Institute (API) on Tuesday, which showed a 4.1-million-barrel drop in distillate supplies and a 2.7 million barrel rise in crude inventories. The euro extended its gains against the dollar after Greece pledged $6.5 billion in pay cuts and tax increases to reduce its deficit, easing worries about the country's debt crisis. A weaker dollar tends to support oil prices, making dollar-denominated commodities cheaper for other currency holders. Wall Street rose after data on the labor market and the U.S. services sector encouraged investors who had been uncertain about the pace of economic recovery. The Institute for Supply Management's services gauge rose month over month at its fastest pace in more than two years in February, and the ADP Employment report showed U.S. private employers shed fewer jobs last month, suggesting the labor market may be on the mend. Oil markets have been monitoring economic data for signs of recovery and a potential rebound in energy demand. The all-important U.S. non-farm payrolls data is due on Friday. Reporting by Alex Lawler in London, Edward McAllister in New York, Alejandro Barbajosa in Singapore.

14:31 03Mar10 RTRS-NYMEX-Natural gas ends higher on short cover, firm crude

NEW YORK, March 3 (Reuters) - U.S. natural gas futures, backed by firmer crude prices and more short-covering ahead of Thursday's weekly inventory report, ended with modest gains on Wednesday, but moderating weather and concerns about a sluggish economy continued to limit the upside. April natural gas climbed 4.9 cents to settle at $4.757 per million British thermal units after trading between $4.68 and $4.79. On Tuesday, April dipped to a three-month spot chart low of $4.655. Summer months also finished with modest gains, with June ending up 4.2 cents at $4.892. "We've seen a small price appreciation over the last two days, but we're coming to the end of the heating season, and the rig count is still moving up," said one New York analyst, noting milder weather forecasts next week should slow demand. Technical traders said light short-covering ahead of Thursday's weekly inventory report helped underpin prices, particularly after a 13-percent slide in the last two weeks. Firmer crude prices also triggered some buying in gas, but few traders expected much upside near term, with heating demand fading, industrial demand struggling and rising rig counts threatening to add more supply to a well supplied market. Storage draws in December and January totaled nearly 30 percent above average, and estimated pulls in February of more than 670 bcf would also run about 28 percent above the norm. But despite a 4 percent colder-than-normal winter this year that trimmed inventories from record highs above 3.8 tcf in November, traders noted storage was still likely to end the heating season at about 1.5 tcf, or near the five-year average. Last week's U.S. Energy Information Administration report showed total domestic gas inventories of 1.853 trillion cubic feet stood at 56 billion cubic feet, or 3 percent, below last year -- the first time below year-ago levels in 13 months -- and just 13 bcf, or 1 percent, above the five-year average. Traders expect current stocks to drop below the five-year average in next week's report. A Reuters poll Wednesday showed inventories were expected to fall 131 bcf when weekly EIA storage data is released on Thursday at 10:30 a.m. EST (1530 GMT). Stocks fell an adjusted 101 bcf during the same week last year. The five-year average decline for that week is 124 bcf. The number of U.S. rigs drilling for natural gas hit a one-year high of 905 last week, up 36 percent since bottoming at 665 in July, according to Baker Hughes data on Friday. Nine straight weekly gains in the rig count have stirred concerns production will not slow as much as expected this year and force more gas into the market, particularly with mixed economic data casting doubts about the strength of recovery. Traders also worry rising LNG imports this year will further tilt the market toward oversupply, noting recent Tudor Pickering data showed LNG sendout so far this year was running about 1 bcf per day more than the same time last year. Chart traders pegged April support at $4.595 and then at $4.50 and $4.15. Resistance was seen at $5 and $5.50. In the cash, Henry Hub swing quotes eased 2 cents to $4.76, but late morning deals were little changed from Tuesday at about 7 cents over NYMEX. Next-day prices on Transco pipeline at the New York city gate lost a penny to $5.29 despite the still-chilly Thursday outlook, while Chicago was 2 cents lower at $4.91. The NYMEX 12-month Henry Hub strip gained 3.9 cents to finish at $5.334. Henry Hub open interest on March 2 slipped 1,323 contracts to 820,309. Reporting by Joe Silha.