

14:00 19Feb2009 NYMEX-Crude keeps big gains on surprise EIA draw

NEW YORK, Feb 19 (Reuters) - U.S. crude oil futures traded near the day's highs Thursday afternoon as government data showed a surprise drawdown in domestic crude inventories last week, defying forecasts for a large increase.

Heating oil futures remained near the day's highs as distillate stocks, which include heating and diesel fuel, fell, though by a smaller-than-expected amount.

Gasoline futures rose with the rest of the market as they recovered from earlier losses after data showed gasoline inventories increased rather than declined as forecast.

"With strong oil contango starting to wane and the front end of the curve beginning to firm up, incentive to buy and store to sell down the road is losing its luster, which is reflective in this week's EIA draw versus the street consensus for a strong build," said Chris Jarvis, senior analyst at Caprock Risk Management in Hampton Falls, New Hampshire.

PRICES

* On the New York Mercantile Exchange at 1:40 p.m. EST (1640 GMT), March crude <CLH9> was up \$3.45, or 9.96 percent, at \$38.07 a barrel, trading from \$34.59 to \$38.16. March crude expires on Friday.

* In London, April Brent <LCOJ9> rose \$2.04, or 5.16 percent, to \$41.59 a barrel, trading from \$39.64 to \$42.

* NYMEX March RBOB <RBH9> was up 3.08 cents, or 2.89 percent, at \$1.0960 a gallon, trading from \$1.0310 to \$1.0975.

* NYMEX March heating oil <HOH9> rose 4.43 cents, or 3.86 percent, to \$1.1912 a gallon, trading from \$1.1433 to \$1.1977.

* The March/March RBOB crack spread <0#RB-CL=R> was at \$7.96 after ending at \$10.12 on Wednesday. The March/March heating oil crack spread <0#CL-HO=R> was at \$11.96. It ended Wednesday at \$13.55.

* The spread between the current front month and the

five-year forward crude contract <CLc61> was at \$25.37, based on the March 2014 contract's Wednesday settlement at \$63.44. The spread ended at \$28.82 on Wednesday,

MARKET NEWS

* OPEC seaborne oil exports, excluding Angola and Ecuador, will fall to a five-year low in the four weeks to March 7, according to the latest estimates released Thursday by UK consultancy Oil Movements, which tracks future shipments.

[ID:nWLA6788]

* Data from the U.S. Energy Information Administration showed that U.S. crude stocks fell 200,000 barrels to 350.6 million barrels last week, against the forecast in a Reuters poll for a 3.0 million barrel build. Distillate stocks fell 800,000 barrels while gasoline supplies gained 1.1 million barrels. [EIA/S]

* Crude stocks at the NYMEX delivery hub in Cushing, Oklahoma, were unchanged at 34.9 million barrels, the standing record at the storage site.

* U.S. producer prices rose faster than expected in January, after falling for five straight months, as energy costs rebounded. [ID:nN18449971]

* The number of U.S. workers continuing to claim jobless benefits jumped to a record high in the week to Feb. 7, Labor Department data showed, while new claims last week were unchanged at a very high level. [ID:nN18449779]

* On Wall Street, equities fell back as shares of major banks skidded, adding to earlier worries after the jobless benefit claims data were released. [.N]

* U.S. crude oil stocks rose 1.6 million barrels last week to 345.8 million barrels, but higher refinery runs helped gasoline stocks build, the American Petroleum Institute said Wednesday. [ID:nN18464614]

* OPEC is worried about high oil inventories, but it is too early to say another output cut at its March 15 meeting is

needed, OPEC governing board members said. [ID:nLJ803952]
(Reporting by Gene Ramos and Robert Gibbons)
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12:34 19Feb2009 NYMEX-Crude surges over 9 pct on surprise EIA draw

NEW YORK, Feb 19 (Reuters) - U.S. crude oil futures surged more than 9 percent on Thursday after government data showed a surprise drawdown in domestic crude inventories last week, defying forecasts for a large increase.

Heating oil futures padded earlier gains as distillate stocks, which include heating and diesel fuel, fell, though not by as much as expected.

Gasoline futures were stuck in the loss column as inventories rose, rather than declined as forecast.

"With strong oil contango starting to wane and the front end of the curve beginning to firm up, incentive to buy and store to sell down the road is losing its luster, which is reflective in this week's EIA draw versus the street consensus for a strong build," said Chris Jarvis, senior analyst at Caprock Risk Management in Hampton Falls, New Hampshire.

PRICES

* On the New York Mercantile Exchange at 11:40 a.m. EST (1640 GMT), March crude <CLH9> was up \$3.27, or 9.44 percent, at \$37.89 a barrel, trading from \$34.59 to \$38.11. March crude expires on Friday..

* In London, April Brent <LCOJ9> rose \$1.63, or 4.12 percent, to \$41.18 a barrel, trading from \$39.64 to \$41.57.

* NYMEX March RBOB <RBH9> was down 0.90 cent, or 0.84 percent, at \$1.0562 a gallon, trading from \$1.0310 to \$1.0905.

* NYMEX March heating oil <HOH9> rose 2.91 cents, or 2.54

percent, to \$1.1760 a gallon, trading from \$1.1433 to \$1.1923.

* The March/March RBOB crack spread <0#RB-CL=R> was at \$6.47, after ending at \$10.12 on Wednesday. The March/March heating oil crack spread <0#CL-HO=R> was at \$11.50. It ended Wednesday at \$13.55.

* The spread between the current front month and the five-year forward crude contract <CLc61> was at \$25.55, based on the March 2014 contract's Wednesday settlement at \$63.44. The spread ended at \$28.82 on Wednesday,

MARKET NEWS

* U.S. crude stocks fell 200,000 barrels to 350.6 million barrels, against the forecast in a Reuters poll for a build of 3 million barrels. [EIA/S]

* Crude stocks at the NYMEX delivery hub in Cushing, Oklahoma, were unchanged at 34.9 million barrels, the standing record at the storage site.

* Distillate stocks, which include heating oil and diesel fuel, dropped 800,000 barrels to 140.8 million barrels, against the forecast for a drawdown of 1.2 million barrels.

* Gasoline stocks gained 1.1 million barrels to 218.7 million barrels, against the forecast for a drop of 500,000 barrels.

* Refinery utilization was up 0.7 percentage point at 82.3 percent of capacity, instead of a drop of 0.3 percentage point as forecast.

* U.S. producer prices rose faster than expected in January, after falling for five straight months, as energy costs rebounded. [ID:nN18449971]

* The number of U.S. workers continuing to claim jobless benefits jumped to a record high in the week to Feb. 7, Labor Department data showed, while new claims last week were unchanged at a very high level. [ID:nN18449779]

* On Wall Street, equities were flat as data on jobless benefit claims pointed to more labor market weakness. [.N]

* The American Petroleum Institute said Wednesday U.S. crude oil supplies rose 1.6 million barrels last week to 345.8 million barrels, less than expected, but accelerated refinery runs helped gasoline stocks build. Distillate stocks fell 875,000 barrels, according to the API. [ID:nN18464614]

* OPEC is worried about high oil inventories, but it is too early to say another output cut at its March 15 meeting is needed, OPEC governing board members said. [ID:nLJ803952]

(Reporting by Gene Ramos and Robert Gibbons; Editing by Walter Bagley)

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12:03 19Feb2009 UPDATE 1-US crude stocks off unexpectedly as imports drop-EIA

(Adds table, details, analysts' quotes, background)

| | ----- API ----- | | | ----- EIA ----- | | |
|-------------------------|-----------------|--------|--------|-----------------|--------|--------|
| | Stocks | Change | Change | Stocks | Change | Change |
| | 02/13/09 | from | from | 02/13/09 | from | from |
| | | pvs wk | yr-ago | | pvs wk | yr-ago |
| Crude | 345.8 | 1.6 | 36.8 | 350.6 | -0.2 | 52.1 |
| Distillate | 140.8 | -0.9 | 17.9 | 140.8 | -0.8 | 16.4 |
| Gasoline | 216.4 | 1.6 | -6.4 | 218.7 | 1.1 | -13.6 |
| Heating oil | 37.9 | -0.3 | 3.5 | 35.9 | -0.7 | 0.5 |
| RFG gasoline | 1.0 | 0.0 | 0.2 | 0.9 | 0.1 | -0.4 |
| Kerosene | 40.3 | -0.1 | -0.5 | 41.0 | 0.0 | 0.1 |
| Crude runs (bpd) | 14.1 | 0.1 | 0.0 | 14.1 | 0.0 | -0.3 |
| Refinery runs | | | | | | |
| (percent) | 82.2 | 0.3 | -2.3 | 82.3 | 0.7 | -1.2 |
| Products supplied | | | | | | |
| (4-week moving average) | | | | 19.95 | 0.1 | -0.02 |

https://customers.reuters.com/community/commodities/graphics/DOE_Actual.htm

By Haitham Haddadin

NEW YORK, Feb 19 (Reuters) - U.S. crude oil inventories fell unexpectedly last week, chalking up their first decline in eight weeks, as imports dropped and demand from refiners edged up, government data on Thursday showed.

Commercial crude oil inventories fell to 350.6 million barrels, a drop of 200,000 barrels for the week ended Feb. 13, said the Energy Information Administration (EIA) report, delayed a day due to Monday's Presidents Day holiday.

This decline countered analysts' average expectations that crude stocks in the United States added 3.0 million barrels.

"Crude stocks made a surprise fall here as imports were down and refinery activity was up," said Amanda Kurzendoerfer, commodity analyst, Summit Energy, in Louisville, Kentucky.

"We'll have to see if the import decline is the start of a trend as OPEC is really doing a lot to carry out output cuts," Kurzendoerfer added.

Crude oil imports fell by 859,000 barrels per day (bpd).

Refinery runs or demand for crude oil feed by refiners was up by 16,000 bpd as refinery utilization logged a surprise rise of 0.7 percentage point to 82.3 percent of capacity instead of an expected drop of 0.3 percentage point, the EIA said.

Meanwhile, stocks of distillates fuels, which include heating oil and diesel, fell 800,000 barrels to 140.8 million barrels, EIA said, lagging a forecast draw of 1.2 million barrels.

Heating oil posted a seasonal supply decline of 700,000 barrels, EIA said.

Also running counter to expectations, gasoline supplies rose 1.1 million barrel to 218.7 million, while analysts had eyed a decline of 500,000 barrels, the EIA report said.

U.S. distillates and gasoline demand over the past four weeks was 4.24 million bpd and 8.90 million bpd respectively, or up 0.3 percent and 0.8 percent from a year ago.

"We may be getting close to the point where the descent in consumption has reached a plateau ... Gasoline demand had been consistently down and suddenly now it's up again," said Joseph

Arsenio, Managing Director at Arsenio Capital Management in Larkspur, California.

Another surprise, analysts said, was a flat reading for crude oil stocks at Cushing, Oklahoma -- unchanged from the previous week's 34.9 million barrels.

This was in sharp contrast to recent weeks when stocks at the NYMEX delivery point saw jumps to record levels due to a steep contango market price structure in which nearby contracts were deeply discounted to further months.

"With the strong oil contango starting to wane and the front end of the curve beginning to firm up, incentive to buy and store to sell down the road is losing its luster ..." said Chris Jarvis of Caprock Risk Management.

On Wednesday, the American Petroleum Institute said in its own weekly report that U.S. crude oil stockpiles rose 1.6 million barrels last week to 345.8 million barrels, despite an acceleration in refinery runs. [ID:nN18598525]

(Additional reporting by Janet McGurty; Editing by Marguerita Choy)

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11:22 19Feb2009 INSTANT VIEW 8-US crude stocks post surprise decline-EIA

NEW YORK, Feb 19 (Reuters) - U.S. crude stockpiles fell unexpectedly last week as imports dropped and refinery utilization rates rose, the U.S. Energy Information Administration said on Thursday.

The API had issued a separate report on Wednesday showing a crude supply build.

HIGHLIGHTS FROM EIA REPORT (In million barrels):

| | | |
|--------------|------|-----------------|
| - Crude | -0.2 | (forecast +3.0) |
| - Distillate | -0.8 | (forecast -1.2) |
| - Gasoline | +1.1 | (forecast -0.5) |

[Click here for the EIA status report \[ID:nEIA000013\]](#)

[Click here for Wednesday's API report \[ID:nAPI000032\]](#)

ANALYST COMMENTS

MIKE ZAREMSKI, SENIOR COMMODITIES ANALYST, OPTIONSPRESS,
CHICAGO:

"The crude drawdown was obviously the big headline number, everyone was looking for an increase. Once that figure came out we saw prices turn around, I think people were expecting another increase.

"The only downside was there was an increase in crude over in the Gulf Coast, which people have been really focusing on as well.

"But the Cushing number is also a surprise, unchanged for the first time in quite some time. That is being reflected now in the crude spreads with the soon-to-expire March contract gaining on April. I think people had expected another build in Cushing.

"Gasoline stocks actually recovered as refineries upticked for a change.

"We did see a fairly large drop in oil imports last week, and some people are talking about whether OPEC cuts are starting to filter in."

GENE MCGILLIAN, ANALYST, TRADITION ENERGY, STAMFORD,
CONNECTICUT:

"I'm seeing the market move up on the draw on crude. Most expectations were for a build of about 3 (mln barrels).

"The market has been weighed down over the last four weeks because of the big builds.

"The market should be fairly active and then we'll see if it can hold some of those gains. I'm a little sceptical that one report can do it, but I think we are poised for a bit of turn around.

"I'm also surprised by the increase in refinery utilization, but it's not a huge increase and we have to look to see if these patterns will continue."

TIM EVANS, ENERGY ANALYST, CITI FUTURES PERSPECTIVE, NEW YORK:

"The outcome of the DOE report was similar to the API figures, with a higher refinery operating rate and a larger than expected drop in crude oil imports leading to a minor stock decline.

"The higher refinery runs contributed to the modestly bearish product data, with a smaller than expected draw in distillates and a seasonal build in gasoline that thwarted expectations for the recent downtrend to continue. Product demand was relatively robust last week."

JOSEPH ARSENIO, MANAGING DIRECTOR, ARSENIO CAPITAL MANAGEMENT, LARKSPUR, CA:

"We may be getting close to the point where the descent in consumption has reached a plateau. It wouldn't be surprising to me if supply and demand finally evened out, because we're beginning to see a flattening in demand. Gasoline demand had been consistently down and suddenly now it's up again. The Cushing number, the idea that stocks there are unchanged, is fishy. Can Cushing take more oil or not? If it can't then the near-term (crude) contracts could be put under tremendous pressure. I thought Cushing could hold more oil than this, so I'm a little suspicious of this number."

JIM RITTERBUSCH, PRESIDENT, RITTERBUSCH & ASSOCIATES, GALENA, ILLINOIS:

"Although the market has responded to the upside to the EIA

report, we saw no major surprises within the numbers. The slight 200,000 barrel draw in crude stocks was in line with our ideas for an unchanged figure.

"The unchanged level of Cushing supply appears slightly supportive. We viewed the gasoline data as bearish since the build of more than 1 million barrels contrasted with our ideas for a similarly sized draw.

"The increase in the runs also carries bearish implications for both products. Overall, we are not viewing this report as a significant bullish item since it could easily be overshadowed by fresh economic headlines of a bearish nature by week's end."

CHRIS JARVIS, SENIOR ANALYST, CAPROCK RISK MANAGEMENT, HAMPTON FALLS, NEW HAMPSHIRE:

"With strong oil contango starting to wane and the front end of the curve beginning to firm up, incentive to buy and store to sell down the road is losing its luster, which is reflective in this week's EIA draw versus the street consensus for a strong build. In addition, lower prices, especially for gasoline, are helping demand as we are seeing year-over-year demand growth."

"Overall there are indications that the crude oil market and the products are now on firmer ground and, if the equity markets pound out a bottom after retesting the previous lows, this could set the stage for a strong rally for commodities with energy leading the way."

AMANDA KURZENDOERFER, COMMODITY ANALYST, SUMMIT ENERGY, LOUISVILLE, KENTUCKY:

"Crude stocks made a surprise fall here as imports were down and refinery activity was up. We'll have to see if the import decline is the start of a trend as OPEC is really doing a lot to carry out output cuts. On that score, the effect of

imports on inventories weighs heavier than does the rise in refinery utilization."

GEORGE ROSS, ANALYST, STRATEGIC ENERGY RESEARCH AND CAPITAL LLC, SUMMIT, NEW JERSEY:

"Finally, for once, they got a good number. There've been some guys out there speculating that even though the economy is weak, we've reached a point on the demand side where we won't go much lower. You need to see the contango begin to unwind. And when you do, people will view that as a good sign for the market. One week's number doesn't make a trend. We've still got a long way to go. But it's a nice break from the Chinese water torture of bearish numbers."

DOMINICK CHIRICHELLA, SENIOR PARTNER, ENERGY MANAGEMENT INSTITUTE, POINT PLEASANT, NJ:

"We are seeing refinery runs up one week and down the next as the refiners are tempted by the nice margins. Gasoline is reflective of the increased refinery runs. Distillate was as expected, crude was a bit of a surprise, tempered because of refinery runs, but they are taking crude from inventories.

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