

15:37 17Mar2009 NYMEX-Crude ends up on products rally, options play

- * Gasoline hits highest since Nov, ahead of data
- * Heating oil surges on crack-spread play
- * February housing starts up, lifting Wall Street

NEW YORK, March 17 (Reuters) - U.S. crude oil futures settled at their highest level since December, supported by a surge in heating oil and gasoline futures and on options expiration play for the front-month April crude contract.

Also supportive for crude futures, U.S. stocks jumped on an unexpected surge in February housing starts, giving investors a rare bit of good economic news. [.N]

"Just running into our usual resistance between \$48 and \$50 backing off," said Tom Bentz, analyst at BNP Commodity Futures in New York. "Today is April crude options expiration and \$50 calls have about 10,000-plus open interest and \$45 puts about 4,300."

Gasoline futures hit their highest level since early November, ahead of weekly U.S. inventory data in which analysts predicted a drawdown in gasoline supplies last week. [EIA/S]

The industry group American Petroleum Institute will release its weekly inventory report for the week to March 13 later on Tuesday at 4:30 p.m. EDT (2130 GMT) and the U.S. Energy Information Administration will issue its own data at 10:30 a.m EDT on Wednesday.

Sources said heating oil was strong due to short-covering by crack-spread traders, and agricultural diesel demand for the approaching planting season and revived interest in jet fuel, which both use heating oil futures as pricing benchmark.

"The whole complex is turning up. Heating oil has lagged, so it's playing catch-up to gasoline," said Chris Jarvis, senior analyst with Caprock Risk Management in New Hampshire.

PRICES

- * On the New York Mercantile Exchange, April crude <CLJ9>

settled up \$1.81, or 3.82 percent, at \$49.16, a barrel, the highest settlement since Dec. 1, 2008's close at \$49.28. It traded from \$46.53 to \$49.82, the highest intraday price since this year's high of \$50.47 was reached on Jan. 6.

* After the contract's options expiration, the April crude contract itself will expire on Friday.

* In London, new front-month May Brent <LCOK9> crude ended up \$1.78, or 3.83 percent, at \$48.24 a barrel, trading from \$45.22 to \$48.65.

* NYMEX April heating oil <HOJ9> ended up 6.17 cents, or 5.09 percent, at \$1.2747 a gallon, trading from \$1.19 to \$1.2873, the highest since Feb. 27's high of \$1.2964.

* NYMEX April RBOB <RBJ9> settled up 5.65 cents, or 4.13 percent, at \$1.4238, the highest settlement since \$1.4244 on Nov. 5, 2008. It traded from \$1.3510 to \$1.43, the highest intraday since \$1.4421 was hit on Nov. 10, 2008.

* The April/April RBOB crack spread <0#RB-CL=R> rose to \$10.64, up from \$10.08 at the close on Monday. The April/April heating oil crack spread <0#CL-HO=R> ended at \$4.38, rising from \$3.60 at the close on Monday.

* The spread between the current front month and the five-year forward crude contract <CLc61> widened to \$19.47, from \$19.35 at the close on Monday. The April 2014 contract settled at \$68.63, up \$1.93, or 2.89 percent.

TECHNICALS

NYMEX crude 10-day/20-day moving average: \$44.94/\$42.42

Technical support/resistance:

NYMEX crude: \$39.00/\$50.00

NYMEX heating oil: \$1.12/\$1.30

NYMEX RBOB: \$1.20/1.40

MARKET NEWS

* New U.S. housing starts unexpectedly rebounded in February, surging 22.2 percent -- Commerce Department data. [ID:nN17208241]

* U.S. producer prices rose less than expected in February, as the pace of energy price increases slowed, Labor Department data showed, but core producer prices came in a bit above forecast. [ID:nN17254589]

* The U.S. Federal Reserve began a two-day meeting on Tuesday that is expected to end with a renewed vow to do whatever is necessary to pull the economy out of a painful recession but no fresh concrete steps. [ID:nN17264728]

* Algerian Energy and Mines Minister Chakib Khelil said he and other OPEC oil ministers were called by U.S. Energy Secretary Steven Chu ahead of Sunday's OPEC meeting. Chu had said that low oil prices were good for the world economy, Khelil told a news briefing. [ID:nVAT000386]

* An expanded Reuters survey ahead of U.S. weekly inventory reports showed analysts forecasts for a 1.0 million-barrel increase in domestic crude stocks last week. Gasoline stocks were seen down 1.2 million barrels and distillates up 700,000 barrels. [EIA/S]

(Reporting by Gene Ramos and Robert Gibbons; Editing by Marguerita Choy)

((Gene.ramos@thomsonreuters.com; +1 646 223 6054; Reuters
(For help: Click "Contact Us" in your desk top, click here [HELP]
or call 1-800-738-8377 for Reuters Products and 1-888-463-3383 for Thomson products; For client training:
training.americas@thomsonreuters.com; +1 646-223-5546))

This email was sent to you by Thomson Reuters, the global news and information company. Any views expressed in this message are those of the individual sender, except where the sender specifically states them to be the views of Thomson Reuters.