

13:35 10Mar10 -UPDATE 6-Oil nearly unchanged, pares gains on profit-taking

- * U.S. gasoline stocks show surprise drawdown
- * Profit-taking wipes out early gains
- * OPEC now thinks 2010 world demand will rise 880,000 bpd
- * Coming up: Weekly jobless claims report on Thursday

(Recasts, updates throughout, changes dateline from LONDON previous)

By Rebekah Kebede

NEW YORK, March 10 (Reuters) - Oil prices were nearly unchanged on Wednesday, after profit-taking erased earlier gains from news that gasoline stocks in the United States dropped unexpectedly.

U.S. crude for April delivery <CLc1> was up 8 cents at \$81.57 per barrel at 1:14 p.m. (1814 GMT), falling from a fresh eight-week high of \$83.03 earlier.

London ICE Brent for April climbed 1 cent to \$79.92.

"Crude futures are coming down on profit-taking. We were up earlier on the big gasoline drawdown," said Mark Waggoner, president at Excel Futures in Newport Beach, California.

Gasoline stocks in the world's largest energy market showed a surprise drop of 2.9 million barrels to 229 million barrels last week, the U.S. Energy Information Administration (EIA) reported. [EIA/S]

And U.S. commercial crude oil stockpiles rose 1.4 million barrels to 343 million barrels in the week to March 5 -- below the 1.9 million barrels rise that analysts had been expecting.

"Today's ... data certainly has a bullish undertone with both gasoline and distillates off much more than expected," said Chris Jarvis, senior analyst at Caprock Risk Management.

Distillate stocks, which include heating oil and diesel, fell by 2.2 million

barrels, far more than the 900,000 barrel draw predicted by the market.

A report showing that China's imports of crude oil in February rose to the second highest on record on a daily basis was also supportive for oil prices. [ID:nTOE62808W]

OPEC SEES DEMAND RISING

Earlier, the Organization of the Petroleum Exporting Countries (OPEC) had given a mild boost to prices when it said it now thought the world would need 28.94 million barrels per day of its crude this year -- an increase of 190,000 bpd from its previous assessment. [ID:nLDE6291EF]

It said total world demand was likely to rise by 880,000 bpd in 2010, up from a previous estimate of 810,000 bpd.

OPEC meets next week in Vienna to discuss output and analysts expect it to keep targets unchanged. [ID:nLDE62715Z]

OPEC members have suggested prices around \$70-80 are reasonable and on Monday, Algeria said levels in the low \$80s were fair. [ID:nLDE61P1NL]

The group's biggest producer, Saudi Arabia, will reduce crude supply in April to a major Asian buyer, but will keep full contracted volumes to others. (Additional reporting by Robert Gibbons and Gene Ramos in New York, Jo Winterbottom in London; editing by Marguerita Choy)

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12:20 10Mar10 -NYMEX-Crude hits 8-wk high on big gasoline drawdown

* EIA: crude stocks up, gasoline in surprise drawdown

- * OPEC boosts forecast for 2010 global oil demand growth
- * China crude oil imports up in Feb versus Jan
- * Coming up: Weekly jobless claims on Thursday morning

NEW YORK, March 10 (Reuters) - U.S. crude oil futures rose to a fresh eight-week high on Wednesday after government data showed a surprise hefty drawdown in gasoline stocks last week.

Traders ignored a 1.4 million-barrel crude stock build, the sixth rise in a row, in the Energy Information Administration's data, as the increase fell within the range of analysts' forecasts. [EIA/S]

The EIA said gasoline stocks dropped 2.9 million barrels, against the forecast in a Reuters poll for a 200,000-barrel increase.

EIA data showed weekly demand for gasoline rose 110,000 barrels per day, or 1.24 percent, to 8.99 million bpd, from the previous week's 8.88 million bpd level.

RBOB gasoline for April delivery <RBJO> surpassed its Jan. 11, 2010 high of \$2.2972 a gallon and hit an intraday high of \$2.3134, highest since \$2.4010 intraday peak of Oct. 2, 2008 in the spot-continuation chart.

Heating oil futures rose sharply as well, as the EIA data showed a larger-than-forecast 2.2 million-barrel drawdown for distillate stocks, with heating oil accounting for a 500,000-barrel drop.

A Reuters survey forecast U.S. crude inventories up 1.9 million barrels, distillate supplies down 900,000 barrels and gasoline supplies up 200,000 barrels. [EIA/S]

"Today's EIA data certainly has a bullish undertone with both gasoline and distillates off much more than expected," said Chris Jarvis, senior analyst at Caprock Risk Management in Hampton Falls, New Hampshire.

OPEC's monthly report said world demand will rise by 880,000 bpd in 2010, up from its previous forecast of 810,000 bpd. It also pointed to a further rise in production from its members in defiance of agreed limits. [ID:nLDE6291EF]

OPEC ministers meet March 17 amid expectations they will keep production steady.

The dollar was down against a basket of currencies <.DXY>, a factor attracting buyers to commodities.

Wall Street was up following several merger deals, shading an unexpected drop in wholesale inventories. [.N]

PRICES

* On the New York Mercantile Exchange at 11:50 a.m. EST (1650 GMT), April <CLJ0> crude was up \$1.01, or 1.24 percent, at \$82.50 a barrel, trading from \$81.05 to \$83.03, the highest since the \$83.95 intraday high on Jan. 11.

* In London, April Brent crude <LCOJ0> was up 69 cents, or 0.86 percent, at \$80.60 a barrel, trading from \$79.47 to \$81.46.

* NYMEX April RBOB <RBJ0> gained 3.05 cents, or 1.32 percent, at \$2.2908 a gallon, trading from \$2.2580 to \$2.3134.

* NYMEX April heating oil <HOJ0> was up 2.71 cents, or 1.3 percent, to \$2.1169 a gallon, trading from \$2.0821 to \$2.1347, highest since the \$2.1753 intraday peak on Jan. 12.

* The April/April heating oil crack spread <0#CL-HO=R> was at \$6.40. It ended at \$6.28 on Tuesday. The April/April RBOB crack spread <0#RB-CL=R> was at \$13.71. It ended Tuesday at \$13.44.

* The spread between the current front month and the five-year forward crude contract <CLC61> was at \$7.67, based on the April 2015 contract Tuesday settlement at \$90.17. The spread ended Tuesday at \$8.68.

TECHNICALS

NYMEX crude 10-day/20-day moving average: \$80.40/\$70.00

Technical support/resistance:

NYMEX crude: \$80.15/\$83.95

NYMEX heating oil: \$2.0540/\$2.1255

NYMEX RBOB: \$2.22/\$2.30

For a full report on technicals, click on [ID:nLDE6291IX]

MARKET NEWS

* Total wholesale inventories slipped 0.2 percent, versus expectations of an increase of 0.2 percent, while sales rose to their highest level since October 2008. [ID:nN10228689]

* Saudi Arabia will reduce crude supply in April to a major Asian buyer, the first cut to a big lifter since late 2009, but will keep full contracted volumes to others. [ID:nTOE62406V]

* China's crude oil imports in February increased from January and were the second largest on record on a daily basis. Also in February, China switched back to being a net refined fuel importer. [ID:nTOE62808W]

(Reporting by Gene Ramos and Robert Gibbons; Editing by Lisa Shumaker)

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11:36 10Mar10 -UPDATE 1-U.S. crude oil stocks up; fuels off - EIA

	----- API -----			----- EIA -----		
	Stocks	Change	Change	Stocks	Change	Change
	03/05/10	from	from	03/05/10	from	from
		pvs wk	yr-ago		pvs wk	yr-ago
Crude	343.6	6.5	-1.7	343.0	1.4	-13.3
Distillate	151.8	-2.8	7.9	149.6	-2.2	3.8
Gasoline	229.7	-3.2	13.3	229.0	-2.9	13.2
Heating oil	41.6	-1.0	3.4	41.8	-0.5	5.3
RFG gasoline	1.1	0.2	-0.4	0.8	0.2	0.0
Kerosene	42.8	-0.4	1.7	43.1	-0.2	0.4
Crude runs (bpd)	13.7	-0.1	-0.9	13.9	-0.1	-0.2
Refinery runs						
(percent)	80.9	-0.7	-2.8	80.7	-1.2	-2.0
Product supplied						
(4-week moving average)				19.4	0.1	0.7

* Crude oil stockpiles up less than expected

- * Gasoline stocks post big surprise decline
 - * Distillate inventories down more than forecast
- (Adds table, more details, analysts' comments, market reaction)

By Haitham Haddadin

NEW YORK, March 10 (Reuters) - U.S. crude oil inventories logged their sixth straight rise last week on lower refinery runs while higher demand and reduced production left gasoline stocks down unexpectedly, government data on Wednesday showed.

Distillates stocks fell more than forecast.

Commercial crude oil stockpiles were up by 1.4 million barrels at 343 million barrels in the week to March 5, reported the U.S. Energy Information Administration (EIA). That was shy of analysts' average forecast for a rise of 1.9 million barrels.

Data from the American Petroleum Institute on Tuesday showed a big jump in domestic crude stocks and big declines in refined fuels inventories last week.

The nation's gasoline stockpiles showed a surprise decrease of 2.9 million barrels to 229 million barrels, EIA said. Analysts had forecast a modest rise of 200,000 barrels.

Distillate stocks, which include heat oil and diesel, fell by 2.2 million barrels to 149.6 million barrels, EIA said, dropping for the sixth week in a row. The latest data by far exceeded a forecast decline of 900,000 barrels.

U.S. weekly heating oil stocks were off 500,000 barrels to 41.8 million barrels, according to the EIA report.

On NYMEX, U.S. crude futures rose more than \$1 following the oil inventory report. At 10:56 a.m. EST (1556 GMT), April <CLJ0> crude was up

\$1.34, or 1.64 percent, at \$82.83 a barrel, trading from \$81.05 to \$82.85.
[O/N]

"Today's EIA data certainly has a bullish undertone with both gasoline and distillates off much more than expected," noted Chris Jarvis, senior analyst at Caprock Risk Management in Hampton Falls, New Hampshire.

"Given the fact that we are heading into the driving season, a drop in gasoline supplies will drive bullish sentiment," Jarvis added.

April RBOB <RBJ0> surpassed its 2010 high of \$2.2972 set Jan. 11 and hit an intraday high of \$2.3134, highest since \$2.4010 intraday peak of Oct. 2, 2008.

Crude oil stocks rose less than expected as imports snapped a recent upward trend, with a decrease of 744,000 barrels per day (bpd) last week to 8.49 million bpd.

Crude runs -- or demand for crude by refiners -- fell 149,000 bpd to 13.93 million bpd as U.S. refinery utilization fell 1.2 percentage points to 80.7 percent of capacity, compared with analysts' forecasts for a rise of 0.2 percentage point.

U.S. total oil product demand over the past four weeks was 19.41 million bpd, up 3.8 percent from a year ago.

"The EIA's gasoline drawdown was a surprise to the market and apparently was due to strong demand, which moved up by default because warmer weather probably supported more buying," said Phil Flynn, analyst at PFGBest Research.

"But I doubt if this demand is sustainable as we still have high inventories," Chicago-based Flynn added.

Weekly demand for gasoline rose to 8.99 million barrels per day (bpd), rising 110,000 bpd, or 1.24 percent from the previous week's 8.88 million bpd level. Meanwhile, weekly gasoline output was off 73,000 bpd to 8.76

million.

Tuesday's APIs showed U.S. crude inventories in the world's biggest oil consumer rose by 6.5 million barrels last week, while gasoline stocks shed 3.2 million barrels and distillates fell 2.8 million barrels. [API/S]

(Reporting by Haitham Haddadin with additional reporting by Rebekah Kebede, Gene Ramos, Robert Gibbons and Eileen Moustakis; Editing by John Picinich and Lisa Shumaker)

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10:56 10Mar10 -INSTANT VIEW 4-US crude inventories rise, products off

NEW YORK, March 10 (Reuters) - U.S. crude oil inventories rose less than expected last week while gasoline stockpiles showed a surprise draw, a government report showed on Wednesday.

Distillate inventories fell more than expected in the week to March 5, according to the weekly report from the U.S. Energy Information Administration. [EIA/S]

U.S. crude prices traded up 44 cents to \$81.93 a barrel after the report was released. [O/N]

HIGHLIGHTS FROM EIA REPORT (In million barrels)

- Crude	+1.4	(forecast +1.9)
- Distillate	-2.2	(forecast -0.9)
- Gasoline	-2.9	(forecast +0.2)

- Refinery utilization -1.2 (forecast +0.2)

HIGHLIGHTS FROM TUESDAY'S API REPORT (In mln barrels)

- Crude +6.5
- Distillate -2.8
- Gasoline -3.2

Click here for the EIA status report: [ID:nEIA000129]

[ID:nEIA000130]

Click here for Tuesday's API report: [ID:nAPI000032]

ANALYST COMMENTS:

PHIL FLYNN, ANALYST, PFGBEST RESEARCH, CHICAGO:

"The EIA's gasoline drawdown was a surprise to the market and apparently was due to strong demand, which moved up by default because warmer weather probably supported more buying.

"But I doubt if this demand is sustainable as we still have high inventories. At this point though, the energy market may be ignoring the strong drawdowns in product inventories. Instead, the market is looking at macro-economic factors again, such as dollar movements."

EUGEN WEINBERG, ANALYST FOR COMMERZBANK AG IN FRANKFURT

"The current DOE data again confirms the trend of the recent days and weeks. Relatively weak underlying demand (from refineries) is being neglected, whereas the market prefers to focus on bullish headline numbers. The lower stocks are not the result of higher demand, but rather lower imports and lower

refinery runs."

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

"Although the numbers didn't provide any big surprises, the sharper-than-expected 2.9 million barrel draw in gasoline stocks provided verification to yesterday's strong API draw and as a result, buying leadership is rotating back into the RBOB futures. This RBOB strength is being bolstered by a larger than expected decline in refinery activity of more than 1 percent of capacity.

"Meanwhile, the distillate draw also proved slightly more than expected. Although the crude data appeared about price neutral, crude prices are being pulled higher by the products. While the additional supply hike of 600,000 barrels at Cushing isn't having any impact on the WTI curve presently, we still expect this month's trend reversal at Cushing to eventually weigh on the curve. Overall, the gasoline draw is under the microscope in this report."

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

"Today's EIA data certainly has a bullish undertone with both gasoline and distillates off much more than expected.

Given the fact that we are heading into the driving season, a drop in gasoline supplies will drive bullish sentiment. Couple that with the dollar starting to weaken again and equities rallying and we wouldn't be surprised to see crude oil

break out of this \$80 level and march towards the \$90 level in the coming months."

(Reporting by New York Energy Desk)

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