

12:47 15Oct2009 UPDATE 2-US fuel stocks in surprise drawdown; crude up-EIA

(Adds a link to graphics, updates futures prices)

	-----	API	-----	-----	EIA	-----
	Stocks	Change	Change	Stocks	Change	Change
	10/09/09	from	from	10/09/09	from	from
		pvs wk	yr-ago		pvs wk	yr-ago
Crude	339.2	-0.2	35.8	337.8	0.4	31.6
Distillate	168.0	0.2	42.6	170.7	-1.1	43.0
Gasoline	210.4	-2.7	18.7	209.2	-5.2	17.9
Heating oil	51.0	0.0	13.1	51.4	-0.2	12.3
RFG gasoline	1.8	-0.2	0.5	1.5	-0.3	-0.2
Kerosene	46.2	-0.4	8.0	45.3	-0.4	7.4
Crude runs (bpd)	14.3	-0.5	0.3	14.1	-0.5	0.0
Refinery runs						
(percent)	81.2	-3.1	0.8	80.9	-4.1	0
Products supplied						
(4-week average)	-----			18.8	-0.04	0.1

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

By Haitham Haddadin

NEW YORK, Oct 15 (Reuters) - U.S. oil product inventories logged big surprise drops last week, government data showed on Thursday, as refiners curtailed operations due to weak profit margins, prompting a modest build in crude oil stocks.

U.S. gasoline stockpiles sank a whopping 5.2 million barrels to 209.2 million barrels in the week to Oct. 9, the Energy Information Administration said in its weekly data. This countered analysts' forecasts for an 800,000-barrel build.

"Today's EIA data has a bullish tilt, with the much bigger-than-expected gasoline draw," said Chris Jarvis, senior analyst at Caprock Risk Management in Hampton Falls, New Hampshire.

"A relatively huge drop in refinery utilization was driven by refiners taking the opportunity to take capacity off line for maintenance, given the fact heating oil inventories are robust heading into the winter heating season, enabling refiners to catch up on much needed repairs," Jarvis added.

November gasoline futures led a rally in the New York Mercantile Exchange energy complex after the data was issued, up 3.66 percent at \$1.9254 per gallon. November crude added more than 2.5 percent to a session high of \$77.17 per barrel.

Stocks of distillates, which include heating oil and diesel, dropped 1.1 million barrels to 170.7 million barrels, versus forecasts for a 100,000-barrel gain. Still, the middle distillate inventories were near 26-year highs and stood nearly 34 percent above year-ago levels.

Commercial crude oil stocks rose 400,000 barrels to 337.8 million barrels last week, falling short of projections of a 700,000-barrel increase. Crude imports were off 367,000 barrels per day at 8.73 million bpd.

Crude runs at refineries were down by 510,000 bpd at 14.1 million bpd as refinery utilization sank 4.1 percentage points to 80.9 percent of capacity, compared with forecasts of a much smaller drop of 0.4 percentage point.

The sharply lower refinery utilization was evidence that refineries were cutting back on production because the economy is still struggling on the demand side, said Phil Flynn, analyst for PFGBest Research in Chicago.

"That tells you what the state of the economy is. Demand is weak and refining margins are poor," Flynn told Reuters. "Refiners are not getting what is required to get them interested to produce more."

Gasoline output for the week was off 964,000 bpd at 8.45 million bpd, while distillate output dropped 166,000 bpd to 3.88 million bpd, the EIA added.

Heating oil stocks were off 200,000 barrels at 51.4 million

barrels, the EIA noted.

Government forecasters said on Thursday there were equal chances of warmer-than-normal or cooler-than-normal weather in the U.S. Northeast, the world's largest market for heating oil, this winter. [ID:nN15304234]

On Wednesday, the American Petroleum Institute, a trade group, reported that U.S. crude oil stocks unexpectedly fell by 172,000 barrels last week. It said gasoline inventories also logged a surprise decline, while distillates rose. [API/S]

Both reports came out a day later than usual due to Monday's federal Columbus Day holiday.

(Reporting by Haitham Haddadin; Additional reporting by Janet McGurty, Gene Ramos and Eileen Moustakis; Editing by Walter Bagley)

((New York Energy Desk; +1 646 223 6045; Reuters Messaging: haitham.haddadin.reuters.com@reuters.net))

((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))

12:00 15Oct2009 INSTANT VIEW 9-US products inventories off sharply, crude up-EIA

NEW YORK, Oct 15 (Reuters) - U.S. gasoline and distillate inventories fell sharply last week against expectations of a build, while crude stockpiles rose slightly, a government report showed Thursday.

Refinery utilization dropped by 4.1 percentage points in the week to 80.9 percent of capacity in the week to Oct. 9, according to the weekly report from the U.S. Energy Information Administration.

U.S. crude prices jumped \$1 to over \$76 a barrel after the report was released. [O/N]

HIGHLIGHTS FROM EIA REPORT (In million barrels)

- Crude	+0.4	(forecast +0.7)
- Distillate	-1.1	(forecast +0.1)
- Gasoline	-5.2	(forecast +0.8)
- Refinery utilization	-4.1	(forecast -0.4)

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

- Crude	-0.172
- Distillate	+0.219
- Gasoline	-2.7

[Click here for the EIA status report](#) [ID:nEIA000089]

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

ANALYST COMMENTS:

STEPHEN SCHORK, EDITOR, THE SCHORK REPORT, VILLANOVA, PENNSYLVANIA:

"The market is all abuzz on a large draw in gasoline and a large draw in distillate fuel, but we're supposed to get large draws at this point of the year. There's nothing ominous there.

"We also got a plunge in refinery utilization rates.

Who is buying crude oil right now? It's obviously not the refiner with that plunge in capacity utilization rates. They're not buying it because they can't make any money. It's the funds and Wall Street buying this market, not the refiners."

TIM EVANS, ANALYST AT CITI FUTURES PERSPECTIVE IN NEW YORK

"The overall impact of the data is bullish, with product stocks falling by more than the build in crude and total

petroleum inventories falling 5.8 million barrels last week.

"The contrast between the neutral crude data and the bullish drop in product inventories should also be bullish for the crack spreads.

"At the same time, however, we would underscore that the data looks as though it is 100 percent the result of refinery management decisions to cut throughput based on poor demand and poor margins, not a more bullish surge in demand."

JAY LEVINE, BROKER, ENERJAY, LLC, PORTLAND, MAINE:

"DOE stats bolster visions of increasing demand and a return to global economic recovery, although, taken in total and strictly by the numbers, hardly conclusively. In other words: business as usual with other psychological forces also at work."

JAN STUART, GLOBAL OIL ECONOMIST, MACQUARIE SECURITIES IN NEW YORK

"It's about time on (the refinery) runs drop. It's the kind of seasonal move I've been expecting. I'd been expecting crude oil fundamental support to get weaker. But this weakening of fundamental support is later than I expected and may be the start of something or just a blip. The key number is refinery runs."

ANTOINE HALFF, FIRST VICE-PRESIDENT OF RESEARCH, NEWEDGE GROUP, NEW YORK, NY

"Refinery utilization was in line with our expectations. There was not much of a drop last week and now we are making up for it.

"In the Midwest, it was way below range. I think in the last few weeks we have trended to transfer the storage overhang from crude to products and this week it has reversed given the structure of the market."

GENE MCGILLIAN, ANALYST FOR TRADITION ENERGY, STAMFORD, CONNECTICUT

"What stands out is the big draw in the gasoline and I think people looked at that, and combined that with a draw in distillates, that's why the market shot up to basically new highs across the board.

"But when you look at the numbers more closely, you see that there was such a large decline in refinery utilization rates, it makes you wonder how bullish this is for the crude market (if) they are dropping refinery rates because there are no good margins in cracking oil anymore.

"The refinery drop makes it look like the refiners realize that their margins are not good... (and) they don't want to flood the market further and really put further pressure on the product side of the market."

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

"Today's EIA data has a bullish tilt, with the much bigger-than-expected gasoline draw highlighting the overall data.

"A relatively huge drop in refinery utilization was driven by refiners taking the opportunity to take capacity off line for maintenance given the fact heating oil inventories are robust heading into the winter heating season, enabling refiners to catch up on much needed repairs."

"In addition, against easy year-over-year comparisons, gasoline demand is strong and starting to pick up a bit of steam.

"For crude, the big drop off in refinery utilization that should have boosted inventories was offset by lower imports. In short, with the dollar weak, equities higher, and fundamentals tightening, crude bulls will cheer today's data."

PHIL FLYNN, ANALYST FOR PFGBEST RESEARCH IN CHICAGO:

"The EIA data showing refinery utilization down sharply by 4.1 percent to 80.9 percent of capacity is evidence the refineries are cutting back on production because the economy is still struggling on the demand side.

That resulted in the sharp drawdown in gasoline stocks, a surprise in the EIA report, against forecasts for a stock build.

That tells you what the state of the economy is -- demand is weak and refining margins are poor. Refiners are are not getting what is required to get them interested to produce more."

MIKE ZAREMBSKI, SENIOR COMMODITIES ANALYST FOR
OPTIONSXPRESS, CHICAGO

"The market reacted favorably to the report. The draw in products due to the low refinery rates gave a bullish picture for the market which wants to go up anyway.

"The true fundamentals have been discounted. Crude inventories are up because there is no demand. The market is watching the dollar and equities.

"I want to watch the stocks today. If we start to see a sell off then we'll see if we can hold these gains or go back into the range for crude oil."

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

"The big gasoline stock draw was mainly a function of the huge decline in refinery activity that forced a plunge in gasoline production of almost 1 million barrels per day (bpd).

"Distillate supply also drew, but the drop was smaller than expected. Surprisingly, the dramatic cut in runs failed to boost crude supply significantly.

"We will look for the build to come next week. Hike in Cushing supply of 400,000 barrels, although not large, could place some pressure on the curve. Overall, main affect of this report will be on the cracks where significant expansion would appear likely."

(Reporting by New York Energy Desk)

((matthew.robinson@thomsonreuters.com; +1 646 223 6052;

Reuters Messaging: matthew.robinson.reuters.com@reuters.net))

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.