

Energy Market Update May 11, 2011

NYMEX Prices

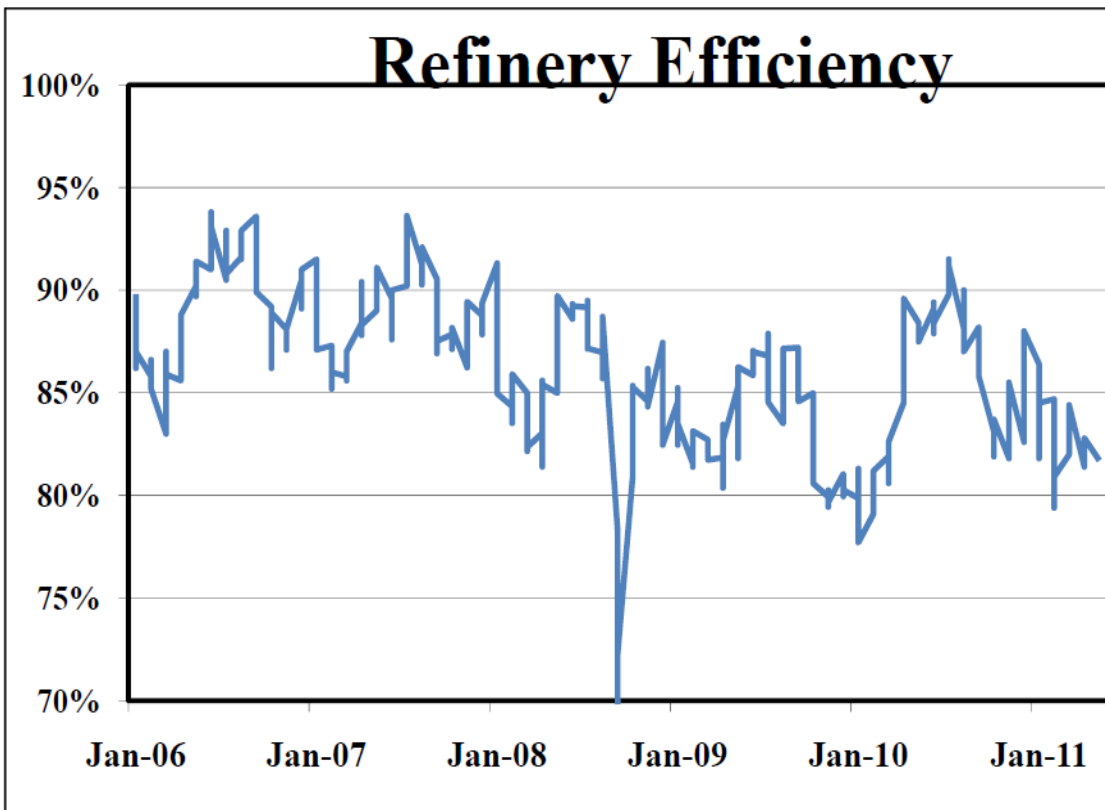
	Close	Wk Change
Jun Crude Oil	\$ 98.21	-11.03
May Gasoline	\$ 3.1228	-.1997
May Heating Oil	\$ 2.8983	-.2447
May Natural Gas	\$ 4.181	-.396

Market Comments: Higher margin requirements on the oil complex coupled with Greece unable to begin repaying their May 2010 bailout payments brought some serious liquidation to today's trade. Equities went the same route as the oil and agricultural commodities, and dollar stayed strong on the bad news out of Europe. The inventory report brought builds across the board except for propane stocks in Belvieu. One of the few bullish elements from the DOE report was the refinery utilization rate down 1.5%.

Greece revisited??

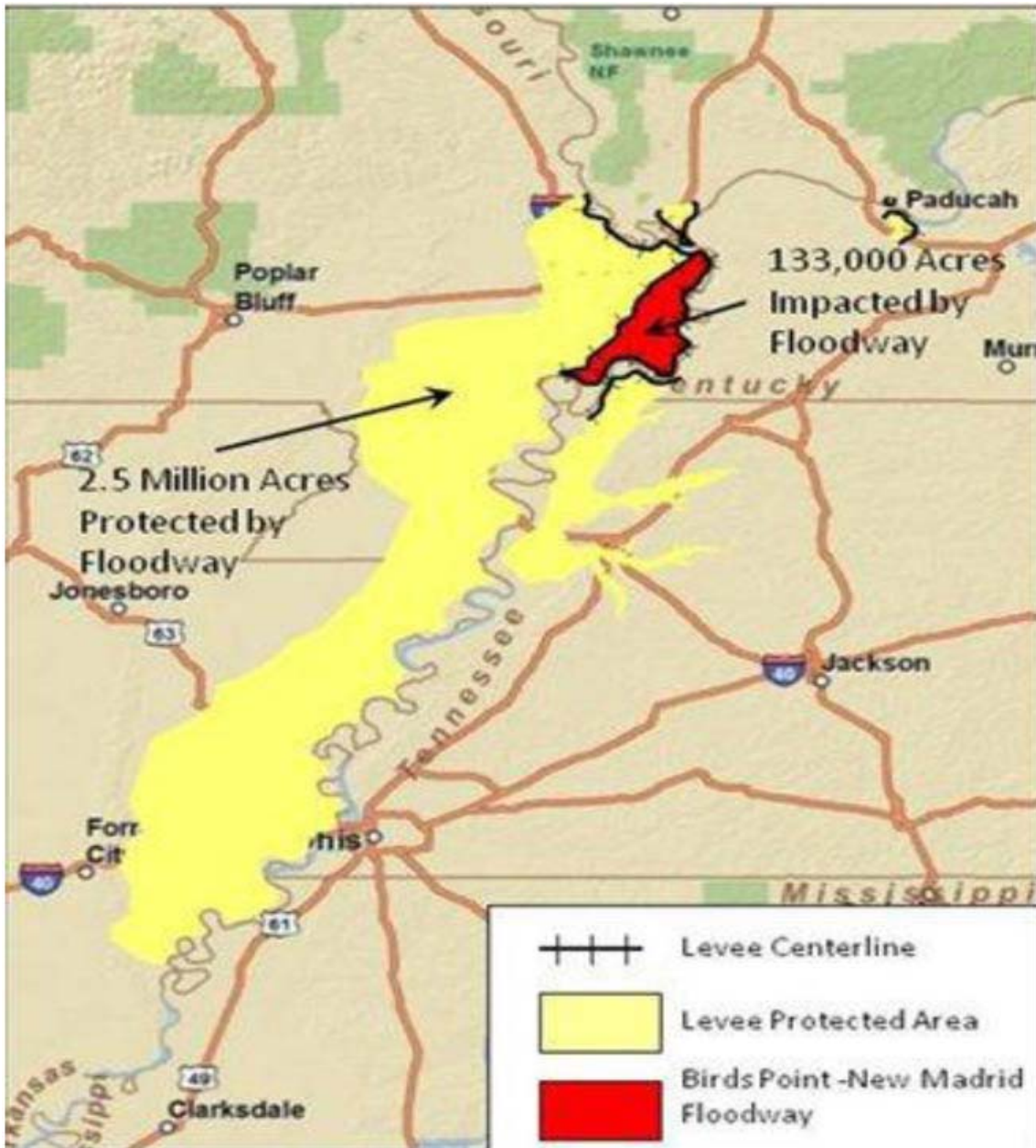
Remember May 2010 when the sovereign debt crisis in Greece came to its breaking point and sent the markets on a downward spiral? Here we are in May 2011 and it is looking more likely that Greece will not be able to service their repayments, gives creditors little choice but to extend their repayment periods on outstanding debt. The Euro zone is debating measures that would keep a default or a restructuring at bay. Debt worries in the European Union could be what is forestalling the U.S. dollar downtrend. The dollar has been mostly steady or higher for the last 10 days.

May 2006	90.2%
May 2007	89%
May 2008	84.9%
May 2009	85.3%
May 2010	89.6%
May 2011	81.3%



	<u>Crude</u>				<u>Gasoline</u>				<u>Heating Oil</u>			
	<u>Change</u>	<u>Total</u>	<u>3Yr Avg.</u>	<u>5 Yr. Avg.</u>	<u>Change</u>	<u>Total</u>	<u>3Yr Avg.</u>	<u>5 Yr. Avg.</u>	<u>Change</u>	<u>Total</u>	<u>3Yr Avg.</u>	<u>5 Yr. Avg.</u>
DOE	+3.78	370.3	351	347	+1.275	205.8	216	209	+0.843	144.3	134	127
EST.	+0.00 / +3.50				-2.25 / +2.0				-1.0 / +2.0			
Prop	U.S. Total = +1.0 28.8				Conway = +1.2 12.4				Belvieu = -.6 13.2			

Refineries that may be affected by recent flooding: Between New Orleans and Baton Rouge, along the Mississippi river, there are 11 refineries that have a combined capacity of 2.5 million bpd. Flooding has stopped barge traffic just north of Memphis on the Mississippi last week and on the Ohio River. Royal Dutch Shell has made alternate plans to supply a pair of plants by rail if the river prevents barges from delivering. Coal, corn, soybeans and other commodities have also been impacted by the flooding.



Source: Army Corps of Engineers