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Today's Market News

NYMEX futures are slightly stronger before the opening bell today possibly trying to take a breather from the volatility seen yesterday. The WTI and Brent spread is trying to contract some in early trading but still remains historically wide.

Contract	NYMEX as of 8:00 am		1 st Level Support	2 nd Level Support	1 st Level Resistance	2 nd Level Resistance	
MAR RBOB	↑	.0098 @	2.9373	2.8770	2.8648	2.9527	2.9785
MAR HO	↓	.0055@	3.1854	3.0550	3.0410	3.2014	3.3318
MAR Crude	↑	\$1.42 @	\$99.83	95.75	95.00	100.00	110.15

Market Outlook

The U.S. dollar is trading lower this morning making petroleum futures more attractive this morning, albeit only slightly. Crude oil continues to push on the \$100 point but cannot seem to settle above that psychological mark and remain there.

The DOE report is out this morning and that should lend some direction to the market. Expectations are for a build of crude oil stocks of 2.414 mmbbl, a draw of distillate stocks of 0.671 mmbbl and a build in gasoline stocks of 0.721 mmbbl. With no other economic data scheduled to be released in the U.S. today this report stands to be the main focus today.

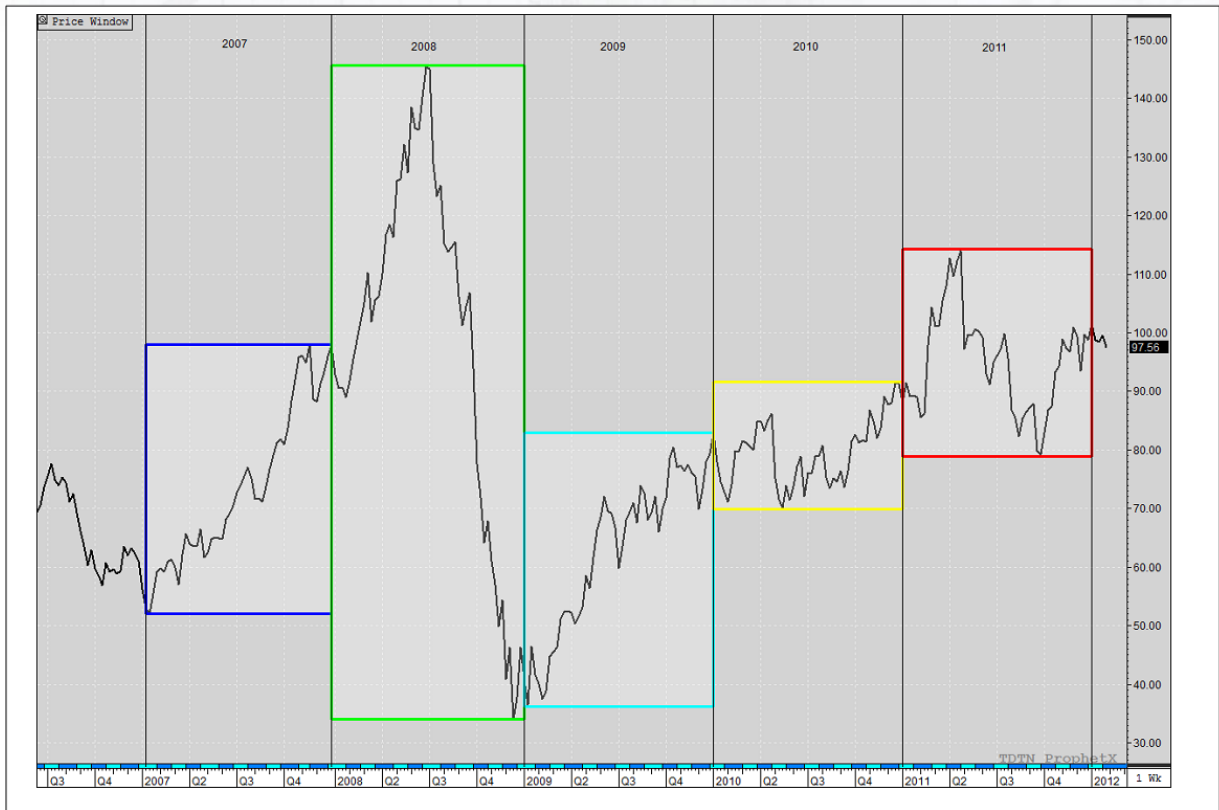
Market Fundamentals

API Report: Crude: 4.533 mmbbl draw (actual) vs. 2.600 mmbbl build (expectation)
Distillate: 0.386 mmbbl build (actual) vs. 0.638 mmbbl draw (expectation)
Gasoline: 4.429 mmbbl build (actual) vs. 0.188 mmbbl build (expectation)

China: The world's second largest oil consumer has raised domestic fuel prices for the first time in 10 months to help spur production by refiners. Sinopec and PetroChina, the country's biggest refiners, have urged the government to increase prices in the wake of rising international crude costs. The communist government controls the nations fuel costs to help control inflation, which is at a 15 month low of 4.1 percent.

Economic Reports: Wednesday: DOE Inventory Report **Thursday:** Jobless Claims, Bloomberg Consumer Comfort
Friday: Consumer Sentiment

Market Technicals



Crude Oil – Over the past five years it is pretty clear how volatile WTI crude oil has traded and the start to 2012 has been no exception. Clearly 2008 was a year for the ages when it came to volatility but the swing we saw in 2011 with Libyan crude coming out of the market as well as the subsequent European Union debt crisis leaves us to wonder what the big news story will be in 2012. Tensions between Iran and the rest of the world are running high leaving a bullish sentiment but on the reverse side the Keystone XL pipeline is still in the works, whether it gets built towards the Gulf or towards China remains to be seen, and could make inexpensive Canadian crude oil more accessible worldwide.

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