

MARKET OVERVIEW

April 29, 2002
12:06 PM

FUNDAMENTAL REVIEW

Crude futures traded above \$27 a barrel Monday after a dip early in the session. Phil Flynn, senior market analyst at Alaron.com said the key to Monday's trading in crude would be if the commodity could close above \$27. "The big news is it

looks like we're going to attack Iraq, which should be supportive to crude, and there are reports that in April, OPEC actually lowered production at a time when we expected it to move up," Flynn said.

CHART WATCH



After a lower opening, the energy complex has resumed the push to the upper price area of what is presumed to be a large complex consolidation of the last four months of uptrending. If so, crude should stall and roll over somewhere around, or just above, the 28.00 area. It is possible that the April 2nd drop to 23.31 was all of the correction. This pattern doesn't have the balanced look that a larger consolidation would have, but it is technically possible. If this is true, crude should put in some work around the previous high of 28.35 before accelerating

the move to about 30.00, but this pattern has the lesser probability of the two. Regardless, we do not believe that this entire bull market move is completed without at least one more major new high in crude. The interesting factor will be the relative value of refined products. Crack spreads (paper refining margins) are well off the highs put in earlier in this bull move. Lackluster demand has caused an erosion in relative value and it remains to be seen whether it can recover in time to support a move that is materially above the previous highs.



CASH MARKET



Basis Changes

GROUP		
Gasoline	LS	HS
.0000	.0000	.0000

CHICAGO		
Gasoline	LS	HS
.0000	+.0025	+.0025

FUTURES SNAPSHOT

CRUDE		
+.34	@	27.45

GASOLINE		
+.0131	@	.8270

HEAT		
+.0115	@	.6905

RACK PRICE PROJECTION

GROUP	
Gasoline	Diesel
+.0131	+.0115

CHICAGO	
Gasoline	Diesel
+.0131	+.0140

NOTE: Projection is a snapshot in time. It is the sum of futures change and cash basis change and is an approximation only.
Daily move is determined at close of trading.

COMMENTS:

Relatively quiet cash markets should allow tonight's rack moves to pretty well follow the futures close. Since recent price psychology has been for higher prices, we would expect the racks to see basically the whole futures move.

CLICK HERE TO VISIT OUR WEBSITE:

WWW.FAUSERENERGY.COM

CONTACT OUR OFFICE(S):

WHOLESALE MARKETING

ELGIN, IA: (800) 328-7371
LINCOLN, NE: (800) 541-1226

MARKETING/TRADING

NAPERVILLE, IL: (630) 305-9860

BRANDED MARKETING

ELGIN, IA: (800) 328-7371
LINCOLN, NE: (800) 541-1226
WINONA, MN: (507) 454-2557