



Midwest Cooperatives

Weekly Energy Update

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This week I wanted to highlight an oil that is a full synthetic oil for your heavy duty engine needs. It is Cenex Maxtron Enviro-Edge 5W-40 and it is the right choice to make.

Cenex® Maxtron® Enviro-Edge™

Introducing Cenex® Maxtron® Enviro-Edge™ SAE 5W-40 full synthetic heavy-duty diesel engine oil. Test out our most advanced diesel engine oil ever. Maxtron Enviro-Edge SAE 5W-40 pumps and flows faster, allowing moving parts to move more freely, use less energy and create less friction than conventional lubricants. It's an unbeatable choice for premium performance in all temperatures.

- **Improves fuel economy** — boosts fuel efficiency by 1 to 3 percent in tests (compared with conventional SAE 15W-40)
- **Controls oil consumption** — overcomes a challenge often associated with lighter viscosity grades in heavy-duty diesel applications
- **Prolongs engine life** — safeguards hardworking engines and advanced emission systems through exceptional wear protection and superior soot and viscosity control
- **Protects the environment** — results in less waste carbon emitted into the environment by requiring fewer oil changes and reducing fuel consumption
- **Reduces costs** — gives you outstanding performance and outstanding payouts



Energy News & Notes

- Iranian officials are saying they have worked out a deal to export diesel fuel to Iraq despite threats of sanctions from the U.S. This is being viewed as a signal from Iran that the U.S. will not be able to disrupt the flow of distillate into Iran and that it will have enough for its own use and still be able to sell the surplus.
- A recent Reuters' poll shows analysts anticipate the price of crude oil to average \$77.50 in 2010 with strong inventory levels keeping prices in check until strong demand returns.
- Russia and Belarus are expected to resume talks on the terms of oil supply to the Belarus refineries. The talks fell apart in early January raising some concern other countries could be affected over the disagreement.
- An oil spill in the Sabine-Neches Waterway near Houston has been contained and is not expected to affect crude oil supplies at any of the nearby refineries despite the closer of the channel.
- Tuesday was the last trading day for options on February heating oil and RBOB. The Consumer Confidence report will also be released on this week.
- Morgan Stanley is predicting oil futures will hit \$95 by the end of the year on increasing demand. They believe crude will average \$100 per barrel in 2011.
- Qatar's oil minister stated that OPEC will likely leave production unchanged when they meet in March if oil prices stay close to \$70 per barrel.
- The average price of retail gasoline in the US fell to \$2.70 which is 4 cents lower than a week ago, but 10 cents higher than a month ago and 86 cents higher than a year ago.

Department Of Energy Report

Bearish DOE data on the refined inventories has so far overshadowed the nearly 4.0 million barrel crude draw when a build of nearly 1.5 million was expected.

All Values in Bbls	CRUDE	GASOLINE	DISTILLATES
DOE	↓ 3.9 million	↑ 2.0 million	↑ 400,000
API	↓ 2.2 million	↑ 916,000	↓ 2.0 million
Expectations	↑ 1.4 million	↑ 1.1 million	↓ 1.7 million

<u>Refinery Utilization:</u>	Up 0.1% to 78.5% capacity; expectations were a drop of 0.1%.		
<u>4-Week Average Demands:</u>	Gasoline:	8.68 million bpd	down 0.8% from last year
	Distillates:	3.68 million bpd	down 8.1% from last year
<u>Weekly Demands:</u>	Gasoline:	8.619 million bpd	up from 8.602 million bpd last week
	Distillates:	3.725 million bpd	down from 3.823 million bpd last week
<u>Imports:</u>	Gasoline:	823,000 bpd	up from 730,000 bpd last week
	Distillates:	658,000 bpd	up from 272,000 bpd last week
	Crude:	7.900 million bpd	down from 8.540 million bpd last week

Market Outlook

Increased imports, continued weak demand and a nearly no change in refinery utilization allowed gas stocks to build almost twice what was expected and distillate inventories to show a small gain when a significant draw was expected. On the crude side a major drop in imports last week (640,000 bpd) can account for the nearly 4.0 million bbl draw on U.S. crude inventories as refiners kept production at literally the same levels as the prior week.

Markets so far have extended losses witnessed prior to the reports release although those losses have been kept in check. Crude oil is once again testing the \$74 mark and the big question for today is will the report be enough to close below it? Looking at the major crude draw one would quickly jump to a bullish sentiment but looking at the big picture I would have to say that the overall feeling is bearish given the large drop in crude imports. Will the bulls try and muscle their way back into the market and use the seemingly bullish crude draw to their advantage or will the bears use the product builds and weak demand to their advantage to keep the market lower? Overall I don't look for a big drop today and would expect the \$74 level to hold as solid support once again. Not saying we might not yet break that level but everyday that we don't will make it that much harder to do so. Look at current levels as a good place to layer in some contracts for you and your end users needs. If the market does dip lower take another piece and average down your contract price giving your end users a good number to buy in at.

Dear Patrons,

My name is Christopher Carter and I am a Certified Energy Specialist for Midwest Cooperatives. As a CES, I work with producers like yourself, to help you establish a petroleum marketing plan. I am also here to answer any questions you may have about any of our Cenex premium products.

I am looking forward to providing newsletters weekly to help keep you informed of the energy news and the different programs we will be offering you. If there is anything you would like us to add in the newsletter please feel free to call or e-mail me at 605-280-9253 or Christopher.carter@chsinc.com. Also look us up on our web page at www.midwestcooperatives.com.

If you would like to have this newsletter emailed to you directly please send me a email and I will add you to the distribution list. Your email will remain confidential and not go outside of Midwest Cooperatives.

Thank-you, Christopher Carter

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