

April 30th, 2010

MF Global Daily Report

COMMODITIES | ENERGIES

EIA Inventory Preview

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ANALYSIS

EIA Oil Inventory Preview

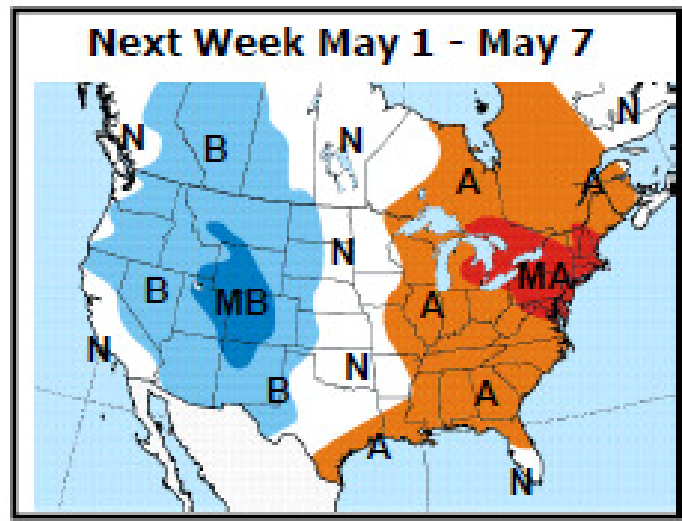
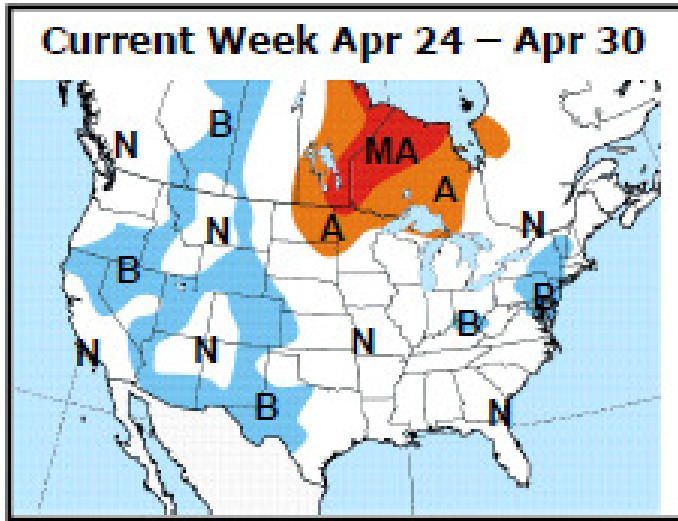
Weekly oil stocks will be interesting this week, as another build in stocks will depend on whether imports can maintain their upward path. MFGR is looking for a small decline in imports this week and the likelihood of a larger decline next week due to disruptions to Gulf of Mexico shipping. Oil stocks are expected to gain 1.0 MB this week which compares to a 2.7 MB build on average. Imports that are still at relatively high levels will help stocks, but high levels of refinery utilization may reduce them. Oil Movements reported a change in OPEC shipments of +200 kb/d in the four weeks ending in the current EIA survey week, compared to an unchanged reading the week before. All this may not matter much, since trade will likely be focused on next week's imports. The effects of the oil spill in the Gulf of Mexico may then begin to impact imports and become a more important driver of near-term oil prices than this week's EIA data. The Louisiana Offshore Oil Port on Friday said that it has yet to be affected, but the Coast Guard briefed White House officials earlier in the week that shipping lanes may be blocked by the spreading oil slick.

Gasoline stocks should fall by 1.0 MB due to higher levels of demand and reduced imports. The 3.1% surge in refinery utilization last week may help counter inventory pressure from higher demand. Distillate inventories should rise by 1.0 MB due to higher refinery output and weak demand.

Natural gas stocks are expected to increase by 81 bcf. Slightly below-normal temperatures dominated consumption areas during the survey so heat demand was likely near-normal. The HDD number was forecast to be 70.9, which was 8.5 degree days above the 10-year normal. Regardless, high levels of production have been enough to push the market toward inventory accumulation at a rate higher than the five-year average. The early read on next week's data shows a shift toward above-normal temps in consuming areas as we round out the heating season. The HDD forecast is 28.3 compared to a 10-year normal of 51.4. That should create a build of 98 bcf compared to a five-year average for the week of 84 bcf.

| EIA Inventories - w/e Apr 30th | | | | | | API Inventories | | |
|--------------------------------|--------|-----------------|---------------|-------------------|-----------|-------------------|--------|----------|
| | Actual | Market Estimate | MFGR Estimate | Five-Year Average | Last Week | Converge with EIA | Actual | Previous |
| Crude Oil | | | +1.0 MB | +2.7 MB | +1.9 MB | | | +5.3 MB |
| Gasoline | | | -1.0 MB | -0.6 MB | -1.2 MB | | | -0.7 MB |
| Distillates | | | +1.0 MB | +0.3 MB | +2.9 MB | | | -1.4 MB |
| Utilization | | | +0.1% | +0.1% | 89.0% | | | 84.7% |
| Natural Gas | | | +81 bcf | +66 bcf | +83 bcf | | | |

*The API convergence figures are the amounts that EIA data need to change in order to match the previous day's API figures



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