

OIL MONITOR

As of February 16, 2010

WORLD OIL PRICES. Month-to-date average price of Asian Dubai crude is lower by about \$5/bbl compared with January average. MOPS gasoline and diesel are also lower by about \$3/bbl and \$4/bbl, respectively, for the same period.

Oil prices fell Monday, 8 February 2010, to two-month-ago level, extended from Friday losses, weighed down by persistent doubts about the health of the global economy and on reports that Greece, Portugal and Spain have pushed the euro lower as they struggle to handle massive budget deficits.

However, prices slowly recovered on the following three trading days as the market found support from the prospect of another fierce snowstorm in the US Northeastern Region, which boosted heating fuel demand. Moreover, the euro reportedly jumped back above \$1.38 on intense speculation that the EU will help Greece resolve its fiscal crisis after many players bet against the currency in recent weeks. A weaker dollar makes dollar-priced oil more attractive for buyers with firmer currencies.

Nonetheless, despite recent troubles over southern Europe fiscal positions and its negative implications for the pace of economic recovery in the region, analysts believe recovery remains intact at the global level. Oil demand data had proved "generally supportive" over the past few weeks. Indeed, one factor that backed the rally this week is the forecast of the Paris-based International Energy Agency (IEA) that global oil demand will grow this year.

In its February forecast, the IEA noted that the anticipated growth in world oil demand and prices would be more than previously expected this year, driven higher by strong growth in emerging economies. The Paris-based agency said global demand is now expected to be 86.5 million b/d in 2010 compared with a forecast last month of 86.3 million b/d, while average prices will rise to \$75/bbl from \$58/bbl in 2009. Demand growth is expected to come "entirely" from outside the Organisation for Economic Cooperation and Development (OECD).

Meanwhile, OPEC held its forecast for modest growth in world oil demand this year, but warned the slow pace of economic recovery in 2010 was clouding the outlook. Non-OECD regions will be the sole contributors to global demand growth in 2010. US demand is seen to remain uncertain for this year. Hence, world oil demand in 2010 was forecasted to grow by 0.8 million barrels per day (bpd) to average 85.1 million b/d, in line with their previous forecast.

Week-on-week average price of Dubai crude decreased by about \$2/bbl. MOPS gasoline and diesel also decreased from previous week by more than \$3/bbl and \$1/bbl, respectively.

FOREX: The average value of peso against the US dollar depreciated by P0.34 from P46.05/\$ in January to P46.39/\$ of 16 February.

Other recommended reference sites:

(1) <http://www.aip.com.au/pricing>, (2) http://www.med.govt.nz/ers/oil_pet/prices/prices.html

DOMESTIC OIL PRICES

The prices of gasoline and diesel rolled back by P1.00 and P0.25 per liter effective today, 16 February 2010.

As monitored, shown below are the retail prices in Metro Manila beginning 16 February 2010 *			
Products	Calculated Price based on Announced Adj.	Price Range	Common Price
Diesel	35.61	30.75-34.25	31.75
Gasoline	47.33	40.20-41.50	41.75
E10		39.70-45.02	
Auto LPG		26.90-28.40	
LPG, P/11-kg cylinders		610.00-684.00	

* Initial monitoring