THE ANGUS ENERGY REPORT

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February 28, 2007
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Post-report Calls: Crude ------- .25 lower Products ------ Heat-75 lower Gasoline-95 higher Natural Gas --- .20 lower		HEATING OIL (MAR)	GASOLINE-RBOB (MAR)	NATURAL GAS (APR)	CRUDE OIL (APR)
	HIGH	1.7925	1.8270	7.766	62.25
	LOW	1.7320	1.7575	7.418	60.06
	SETTLE	**1.7793**	**1.8161**	**7.533**	**61.46**
	CHANGE	*+.0231*	*+.0384*	*-.170*	*+.07*
	14 DAY RSI	62	73	51	59
	5 DAY MA	1.7385	1.7633	7.712	61.00
	9 DAY MA	1.6974	1.7027	7.595	60.09
	14 DAY MA	1.6951	1.6597	7.601	59.91

NYH Barge (est.)		NYMEX #2 Oil		NYMEX #2 Oil	Jan '08 futures
02/21/07	1.6801	02/21/07	1.6816	02/21/07	1.8681
02/22/07	1.7250	02/22/07	1.7250	02/22/07	1.9018
02/23/07	1.7495	02/23/07	1.7505	02/23/07	1.9246
02/26/07	1.7562	02/26/07	1.7562	02/26/07	1.9272
02/27/07	1.7768	02/27/07	1.7793	02/27/07	1.9425

-D.O.E. stats…. **Crude oil stocks** rose 1.42 mmbls. **Distillate stocks** fell 3.79 mmbls. **Gasoline stocks** fell 1.94 mmbls. **Operating capacity** rose 0.8% to 86.0%. The numbers are kind of what were expected, but prices remain under a little pressure after the stock market sell-off yesterday and today's report that the U.S. economy expanded at an annual rate of 2.2%, slower than initially expected. The days' range has been wide, but nothing out of the ordinary. With the growth in Globex volume (dwarfing the NYMEX trading volume), the "close" doesn't have as much emphasis as it once did – although a late trading session move would still not be so surprising.

-Just 28 days to turn frowns to smiles... Not to say that "some" heating oil dealers like to view our industry as a glass permanently half-empty, but it is nice to see how "the worst season ever" can suddenly turn into "you know, with these margins, things might turn out okay...". See, all you need is one good month that has 25% more HDD's than it has averaged over the past decade, and suddenly the world is a much happier place. February also shows the extreme importance in matching up hedges vs. the weather, not just versus assumptions of "normal" demand. How many would have thought that February, with 10% (3) fewer days than both December and January would have 25% more HDDs than either month? If YOU did, then you probably weren't nervous in mid-January. If you were like the rest of us, the last 6-weeks were quite the savior. As of now, early March looks cold, and the entire month is "tracking" slightly warmer than normal.

-Price strength. Although you can point fingers at the Iranians, the Iraqi situation, and the gyrations of the economy (and the planned gyrations), since the weather turned around in mid-January, prices have steadily climbed to the highs for the year. Heating oil futures have risen almost 30 cents per gallon, gasoline futures are up by more than 40 cents per gallon, and crude oil futures have risen about $9/bbl. during that same time period. With the end of the winter on the horizon, traders will be faced with a situation of NOT being able to rely on the weather to move prices. This, unfortunately, is what we have suffered through for the past few years – seeing prices move on a whole bunch of "what if" scenarios, as opposed to real "current" fundamentals. Prices for next winter, as hedging for next season is now in full-stride for most "ratable" hedgers, are up about 20-25 cents from the January lows, up about 10 cents from the beginning of February, and up about 6 cents vs. the average for February (for "Best Buy Wetbarrel" owners). Note that if you have Feb B.B. Wetbarrels, today is the settlement, and the day to lock in the supply.

-Technical considerations. With the exception of natural gas – whose traders actually accept that we have plenty of supply for this winter, and accordingly haven't exaggerated the impact of the cold weather –

technical signals are bullish, but are approaching "overbought" territory. Gasoline futures are the closest to overbought, as traders and physical market participants have been driving that market higher as the driving season (and refinery "turnarounds") approaches.

-Global slowdown? Yesterday's steep sell-off in the U.S. stock markets (the biggest one day fall since the aftermath of 9/11) was precipitated by an even steeper decline in the Chinese equities markets. The sell-off in China was on word that their economy was expected to slow down dramatically, and as the world's leader in "consumption-growth potential", the trickle-down effect was inevitable. Although energy prices managed to buck the trend and close the session higher, after the close, on Globex trading, oil prices moved lower – and opened today's NYMEX session that way. Although there was no specific indicator that the entire globe was entering a period of slowing down, comments by former Fed Chairman Greenspan, as well as some other indicators, is making some wonder whether the strength of 2006 is setting us up for some weakness (recession?) in 2007. More importantly, to most of us, is what impact all of this MAY HAVE on oil prices. Again, we get to deal with the volatility of the "what ifs".....

-Not to be lost in the past weeks' news was the coming and going of the deadlines that were imposed by the U.N. with regards to the Iranians requirements to cease their nuclear enrichment activities. All those who were surprised that they are (again) thumbing their noses at the world, raise your hands... In a related – yet incredible – story, there is talk that Iran is being invited into conversations with regards to security and stability in Iraq!!! Can you imagine the talk around the water cooler in government offices in Tehran. Talk about us showing a firm hand with regards to the Iranian's nuclear aspirations!!

-$60/bbl. support? Prices seem comfortably above $60/bbl., and even with the inventory reports, and the Chinese meltdown yesterday, we are still above that level. If we have a hard time getting back below $60/bbl, then the other side of the spectrum might be that we start seeing winter crude oil prices ('07-'08) inching their way towards $70/bbl – most of next winter is already over $66/bbl.

-Got storage? As this past month has done wonders to draw down on privately owned oil stocks, we are starting to – once again – look at the summer/winter "storage play". The Jun/Jan spread in heating oil futures is setting up a situation where (given access to the cash) oil can be stored during the summer, and then used in the winter ('07-'08) at a steep discount to supplier deals (or rack prices). If you need a better explanation as to this approach, contact your Angus rep.

-Can't you just smell the pine tar?

The chart below is the NY HDD futures contract for calendar month Feb '07, from January 1st, forward.