THE ANGUS ENERGY REPORT

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Post-report Calls:		HEATING OIL (APR)	GASOLINE-RBOB (APR)	NATURAL GAS (APR)	CRUDE OIL (APR)
Crude -------	HIGH	1.7290	1.9550	7.065	59.95
.30 higher	LOW	1.6830	1.9130	6.860	57.75
Products ------	**SETTLE**	**1.6902**	**1.9318**	**6.892**	**57.93**
Heat-175 higher	CHANGE	*+.0079*	*+.0213*	*-.020*	*-.98*
Gasoline-25 higher					
Natural Gas ---	14 DAY RSI	47	66	37	41
.15 lower	5 DAY MA	1.7227	1.9132	7.098	60.07
	9 DAY MA	1.7367	1.8973	7.194	60.53
	14 DAY MA	1.7427	1.8756	7.360	60.82

NYH Barge (est.)		NYMEX #2 Oil		NYMEX #2 Oil	Jan '08 futures
03/07/07	1.7679	03/07/07	1.7674	03/07/07	1.9475
03/08/07	1.7623	03/08/07	1.7613	03/08/07	1.9469
03/09/07	1.7135	03/09/07	1.7122	03/09/07	1.9037
03/12/07	1.6838	03/12/07	1.6823	03/12/07	1.8858
03/13/07	1.6917	03/13/07	1.6902	03/13/07	1.8922

-D.O.E. stats…. **Crude oil stocks** rose 1.18 mmbls. **Distillate stocks** fell 2.73 mmbls. **Gasoline stocks** fell 2.49 mmbls. **Operating capacity** rose 0.2% to 85.6%. Not sure if there were any real surprises here. The draw in gasoline was expected, and that market is virtually unchanged. Crude and heating oil rallied, fell (into negative territory), and then rallied again. Refinery turnarounds, OPEC comments will dominate until the next "news event" occurs.

-What's moving prices today?... Less than 2 weeks after setting the highest prices of the year, crude oil prices have fallen to 6 week lows. The latest, and greatest, driving force of late is a growing concern about the health of the U.S. economy. Reports of dwindling retail sales figures are part of it, but the "big scare" is the record default rates in some sectors (generally higher-rate loans, to the "sub prime" lending sector) of the mortgage markets. When you continue to lend between 90% and 100% of the cost of inflated property values to individuals with spotty credit histories (and in some cases, not as a primary residence, but as an investment property), the question of defaults is not an "if", but a question of "when". As the loan defaults are increasing, those who make the loans are seeing the value of their companies drop dramatically in value, hurting the mortgage and banking segments of the equities markets. The follow-through perception that these growing default rates are a precursor to a weak economy has knocked over 700 points off of the Dow Jones Industrial Average (5.6%) in the past 3 weeks. The economic weakness implied by the recent drops in equity prices has gotten oil traders fearful of what a slowing economy might do to energy demand, and consequently to energy prices. So, a weak economy seems to be bad for all – except for those of us who really would like to see oil prices drop!!

-On the other hand..... Since seeing some weakness after the first of the year, gasoline prices have managed to rally about 40 cents per gallon since in the past 7 weeks. On one hand, the milder weather has provided greater opportunity for those to hop in their cars and go for a drive, but record winter demand for gasoline doesn't really scream out as a signal that the economy is slowing down. On the distillates side, after very strong – weather-driven – demand led to strength in the heating oil sector, prices have been somewhat range-bound, thus far, during March. The support below the current levels certainly seems to be there, but with crude oil seemingly (and, as we have gotten used to – very subject to change) having a hard time keeping to the $60/bbl. level and above, heating oil may struggle to show too much out-of-season strength....

-Plenty of storage.... Natural gas prices, after supplies made it through the cold of February with flying colors, have traded below $7.00/dkt. for April delivery. Next winters' futures are still handily above $9.00/dkt., but the bias seems to still be to the "downside". Nat gas, however, is the market most prone to seemingly illogical (and sizable) rallies. So, if there is some nat gas exposure in your "book", and you are enjoying the benefits of weak prices (on a net basis, and versus the competitive LDC), remember the "bulls and bears, and hogs..." adage.

-OPEC - production and prices.... Several OPEC ministers are "talking up" the fact that they are "comfortable" with prices staying somewhere near their current levels. The ranges spoken about are generally a few dollars below current pricing to a few dollars above current pricing. In addition, ALL parties keep stating that if the members were to stick with the (2) previously announced production cuts – equaling 1.7 mbd. – that prices would stabilize at "acceptable" (at least to the producers, if not to the consumers) levels. It should be noted that the cartel is not even close to full compliance with the announced cuts – estimates are generally in the "60% range". OPEC is meeting tomorrow in Vienna, and is not expected to make any further production cut announcements. One of the ministers (from Kuwait) was quoted as saying that the concern over stock market prices and weakening economies pales in comparison to the ongoing geopolitical tensions in the Mid-East. That Wild-Card just won't seem to go away, and can be the cause of an unreasonable price spike with absolutely no warning whatsoever.

-Not that it matters, but.... The U.N. Security Council is expected to provide a draft resolution of further sanctions against Iran for their non-compliance with regards to their nuclear activities/aspirations. I bet the powers-that-be in Tehran are shaking in their boots!!

-Haven't started yet?... A sizable majority, but certainly not all, of companies have started their '07-'08 hedging plans. The scale-in method continues – as it has for the past many years – to be the preferred method to price and execute the hedging strategies, once developed. If you have a "plan" set up, make sure that you are in touch with your Angus rep over the next 2 weeks, so that the April portion can be set. If your "plan" is not even set up, please contact your rep for a meeting.

-The countdown to opening day continues....

The chart below shows the prices of April NYMEX gasoline futures.....