THE ANGUS ENERGY REPORT

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Post-report Calls:		HEATING OIL (AUG)	GASOLINE-RBOB (AUG)	NATURAL GAS (AUG)	CRUDE OIL (AUG)
Crude -------	HIGH	2.0798	2.1696	6.495	75.35
75 higher	LOW	2.0240	2.0788	6.237	73.50
Products ------	SETTLE	2.0332	2.1007	6.307	74.02
250 higher	CHANGE	*-.0224*	*-.0255*	*-.069*	*-.13*
Natural Gas ---	14 DAY RSI	48	36	31	70
.075 higher	5 DAY MA	2.0792	2.2049	6.488	73.43
	9 DAY MA	2.0883	2.2591	6.513	72.98
	14 DAY MA	2.0731	2.2499	6.617	72.04

NYH Barge (est.)		NYMEX #2 Oil		NYMEX #2 Oil	Jan '08 futures
07/11/07	2.0941	07/11/07	2.1008	07/11/07	2.1943
07/12/07	2.0860	07/12/07	2.0957	07/12/07	2.1932
07/13/07	2.1009	07/13/07	2.1106	07/13/07	2.2011
07/16/07	2.0451	07/16/07	2.0556	07/16/07	2.1581
07/17/07	2.0222	07/17/07	2.0332	07/17/07	2.1402

-D.O.E. stats…. Crude oil stocks fell .45 mmbls. Distillate stocks fell .15 mmbls. Gasoline stocks fell 2.23 mmbls. Operating capacity rose 0.8% to 91.0%. This is NOT the way most analysts had "called" the inventory reports. Crude prices spiked back over $75.00/bbl. on the data, and both heating oil and gasoline moved higher, as well. As of 10:45, crude had fallen below $75/bbl, with products up by about 2 cents. Gasoline prices have fallen the most, so if the bears have gotten tired of the weakness, we may see unleaded prices lead distillates higher. It is possible to see a 5 cent increase today, by the time trading is over – provided that crude oil can move back towards its recent highs.

- Opposite directions. After closing last week at or near recent highs, the crude oil and product markets started this week moving away from one another. Despite weakness in heating oil and (extreme weakness) in gasoline, crude oil prices moved higher on Monday, taking about 11 cents per gallon out of the gasoline "cracks", and about 6 cents from the heat spreads. On Tuesday, crude oil prices continued their assault of $75/bbl., dragging the products higher with it – albeit with gasoline looking as if it were fighting the whole way up. After crude moved above $75 (up to $75.35, the highest level since last August – 11 months ago), some profit-taking came in, and crude oil ended up barely changed on the day, slightly above $74/bbl. This afternoon weakness allowed the products to continue their post-weekend declines, and we ended with winter heating oil about 6 cents lower on the week, and gasoline down over 12 cents – at least until today's inventory reports!

- You asked for it. Now what? For those who still have been trying to successfully "time" their hedges, a popular mantra is "as soon as prices drop by "x", I'll buy some". Usually the "x" is a nickel or a dime. Unfortunately for them, since

January, we have only had one instance when winter prices fell by more than a dime – and that instance was in early January. So, while waiting for the market to drop – as an excuse NOT TO buy, prices have risen about 50 cents per gallon. As far as the "drop a nickel waiters", we have seen prices for the winter fall by more than 5 cents 7 times since January. Each time has (thus far) led to another new high in price – but, the opportunity has been there. We are currently still more than 5 cents lower than last weeks' highs. Please review your coverage, and see how much of your approach is hedging and how much is speculating.

- Last week we referred to the "technically overbought" status of energy prices. Not that the technicals were or are enough to drive prices by themselves, but they (the "technicals") can act as an accelerator in the event that prices do start moving in a certain direction. In a rare occurrence, we now have – as of yesterday's settlements – a situation that has product prices moving towards over-SOLD territory, with crude oil prices still well in the direction of being over-BOUGHT. From here, as traders look to the news for the next direction of prices, it will be interesting to see how the tug-of-war ends up.

- As far as what might move prices in the near term, there seem to be a few issues that continue to lie dormant, but can show their ugly heads with just a moment's notice. The news out of Iran has been on the tame side as of late, but recent human rights violations (executions scheduled for minors, etc.), in addition to the on-going nuclear enrichment debates, can lead to some serious "saber-rattling" at any time. We do have tensions in Nigeria, as the post-elections cease-fire has not been renewed, and there are expectations of attacks by MEND. Lastly, we continue to be blessed by continuing lack of news in the tropics. We are far too early into hurricane season to feel that we may exit unscathed, but as each week passes, the comfort levels will increase.

- More news from Iran. The Iranian oil minister made a statement that OPEC is of the belief that there is plenty of crude oil around (hence, no need for production increases), but that the strength in the markets is being caused by a shortage of products (refining, etc.). It is clear that we do need more refining capacity, but no one seems to be doing all that much about it. Libya also chimed in that they saw no need for an increase in crude oil output.

- Nat gas weakness. Despite weather that has been consistently warm, other then some extreme heat in the West, the summer has kept heat-waves and temperature spikes to a mild roar. Signs of slowing industrial demand, along with palatable air conditioning demand, have natural gas inventories at strong levels. After peaking in May, and then again in June, August natural gas futures have fallen over $2.00/dkt. from their highs, and are now near the lowest levels for this futures contract since March of 2005!! The second consecutive summer without production interruptions continues to lower the costs.

- Banking on HDD's. We have collected the prices for the "weather puts" for this coming heating season. The premise for those of you who have not yet protected against the ills of a warm winter is that in the event that HDD's do not turn out to be what we all wish they will be, delivered (sold) volumes will drop, and gross profit margins will get hit – as fewer "units" are sold. The HDD puts pay out a "per gallon" dollar amount for each "unsold gallon". A clearer explanation of the history, pricing, etc. is needed before placing an order for the '07-'08 season. Please speak with your Angus rep.

- Speaking of speaking with your rep... We are in the midst of introducing a new hedge product for large end-users. The product protects against increasing heating costs – not costs per gallon, but total costs to heat. The premise is that even if prices only rise a little, end-users' budgets can be blown if the weather is much colder than normal. As costs equal per-gallon cost multiplied by gallons purchased, the product sets a cap (of a collar) around TOTAL heating costs – in dollars.

- Lastly, for those who participate in our Best Buy program, look for an enhancement in the "Today's Cost" e-mail/fax. This, too, should be part of your next conversation with your rep, as it will help you with price setting and changes to your capped customers, based upon a better understanding of your costs on a daily basis.

- Can Michael Vick really have nothing better to do with his time?!?

Price chart below is the NYMEX August Natural Gas futures contract.