THE ANGUS ENERGY REPORT

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Post-report Calls:
Crude -------
1.00 higher
Products ------
200 higher (heat)
120 higher (gasoline)
Natural Gas ---
.075 lower

	HEATING OIL (NOV)	GASOLINE-RBOB (NOV)	NATURAL GAS (NOV)	CRUDE OIL (NOV)
HIGH	2.2195	2.0364	7.080	81.35
LOW	2.1737	1.9951	6.835	79.72
SETTLE	**2.2172**	**2.0336**	**7.010**	**81.30**
CHANGE	***+.0319***	***+.0134***	***+.147***	***+1.04***
14 DAY RSI	54	54	49	59
5 DAY MA	2.2034	2.0311	7.041	80.65
9 DAY MA	2.1960	2.0174	7.092	80.57
14 DAY MA	2.2121	2.0301	7.074	80.74

-D.O.E. stats…. Crude oil stocks fell .54 mmbls. Distillate stocks fell 1.74 mmbls. Gasoline stocks rose 1.63 mmbls. Operating capacity rose 0.3% to 87.8%. A.P.I.'s showed bigger draws in crude and distillates and a bigger build in gasoline. Interestingly, the report is not what traders SAID they expected, but prices are not really moving from their pre-report levels – YET. As always, there is a long day ahead of us, but for now, crude is sitting above $82.25/bbl., and heating oil is up over 2 cents. The build in gasoline has that market up about a penny, but seemingly in sympathy with the rest of the complex. Nat gas inventories were released as well this morning (oil numbers were delayed due to Monday's holiday), and the 73 Bcf build has taken prices down about 7 cents/dkt.

-As traders continue to be conflicted on where oil prices are to be headed, the short-term volatility continues. After a late week rally brought crude oil futures to over $81.00/bbl. heading into last weekend, Monday's trading shook out a lot of "the longs", as traders used the bounce in the value of the U.S. Dollar, and the fact that the hurricane season is ebbing away, and taking with it the "hurricane premium". By the close on Monday, prices had fallen to $79/bbl., with heating oil prices falling over 6 cents/gallon, in sympathy with the drop in crude. Tuesday's trading saw crude oil prices get fairly close to $78/bbl., before rebounding to over $81/bbl, and settling over $80/bbl., only to be followed by yesterday's move above $81/bbl., and this morning's to over $82/bbl. So, the volatility won't go away, and we are now looking at this week's inventory numbers as an indicator of the next short-term movement in prices. ***An optimist might point to the lack of hurricanes, easing tensions in Nigeria (after the latest strike was called off), a slowing U.S. economy and the possibility of another OPEC production increase as – VERY – logical reasons for prices to start to fall. A pessimist will point out that logic has nothing to do with the price of crude oil, and that is why we are over $80/bbl. A smart oil dealer will realize that he or she can't predict, but can prepare.***

NYH Barge (est.)		NYMEX #2 Oil		NYMEX #2 Oil	Jan '08 futures
10/03/07	2.1575	10/03/07	2.1787	10/03/07	2.2102
10/04/07	2.2161	10/04/07	2.2312	10/04/07	2.2588
10/05/07	2.2085	10/05/07	2.2235	10/05/07	2.2555
10/08/07	2.1421	10/08/07	2.1596	10/08/07	2.1966
10/09/07	2.1678	10/09/07	2.1853	10/09/07	2.2193

-Would it hurt to have some HDD's? When October temperatures in New York are competing for highs with both Las Vegas' and South Florida's, something is wrong. It is ONLY the 11th of October, and in reality we haven't lost all that many HDD's, but it would be nice to have some consumption, so the "next deliveries" can be scheduled. After continued warmth today, it looks like it will be cooling down over the weekend in most places, and then – depending upon where you are - being either a few degrees colder or a few degrees warmer than "normal" for the beginning of next week (before turning warmer next Wednesday). Depending upon your faith in long-term forecasting, a report by NOAA might be troublesome. In their 2007-2008 Winter Fuels Outlook Conference, they announced that the La Nina is likely to continue through the winter, giving the Northeast a milder-than-average winter, with continued drought conditions in the South. If there was a silver lining, it was that although they predict temperatures warmer than the 30-year average, they feel that it should be somewhat colder than last winter.

-The continuing relationship between the U.S. Dollar and the price of crude oil might strengthen energy prices in the U.S. in the event that the Federal Reserve makes another cut in interest rates to stem recessionary fears. Striking the balance between the inflationary impacts of higher energy prices, and fears of a weakening economy has taken equity

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prices into record-high territory, but how long can equity traders remain bullish if the price of oil keeps rising?

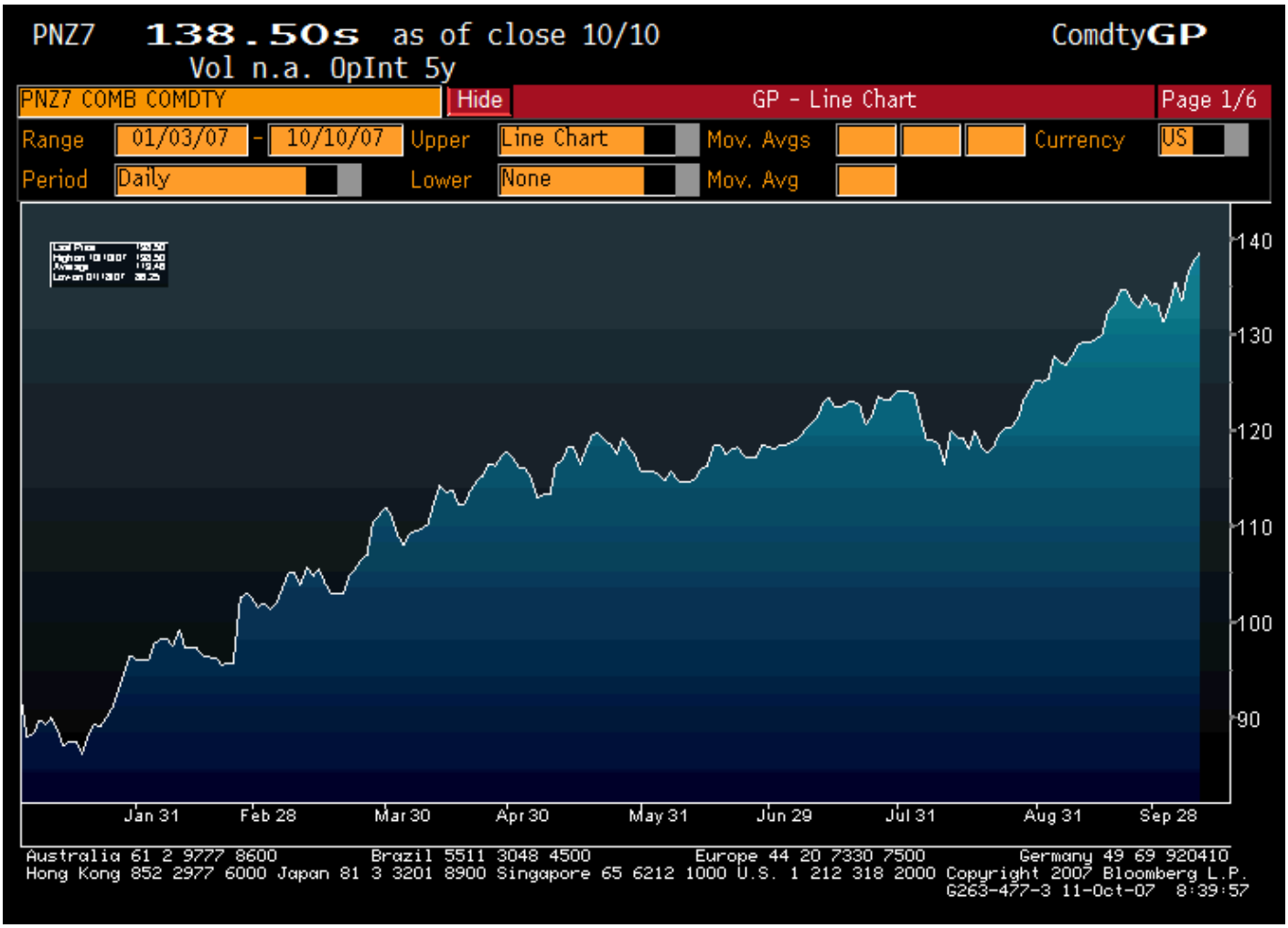
-Warm weather impacting natural gas futures, has taken prices from $7.50/dkt. (November NYMEX futures contract) last Wednesday, to as low as $6.77/dkt. yesterday. We are trading at around $7.00/dkt. this morning, which is a little below the 1- and 2-month averages.

- The articles keep on a comin'... With nothing much happening with regards to gasoline prices, and the warm weather keeping the start of the heating season at bay, we keep seeing articles (thanks to our clients who keep sending them in) about customers and oil companies "betting" on oil prices. If oil dealers perceive offering programs (whether fixed or hedged) as gambles, then the customer's perceptions are a "learned opinion". If there is PROPER education – just pointing out that NO ONE knows where prices are going, or how cold it will be, and then pointing out the two or three choices to price oil at, it can be (and should be) seen as less of a gamble, and more of an educated decision. It's all about the mind set.

-Interesting asset class. When you list the world's top pariahs, the country of Iran is generally at or near the top of the list. It's utter disregard to the freedoms of it's own people, let along their unwillingness to let the rest of the globe live in peace, without fear of nuclear holocaust, has earned them their reputation. Add on top of that their aggressive leader, and you need to wonder about their desire to raise money by selling some of their energy-related assets. In a story last week, the country announced that it will raise at least $15 billion through the sale of shares in 23 Iranian companies. I'm not quite sure what type of "discount to book" you'd need to take in valuing shares in an Iranian company, but I can't imagine that an investments with "them" as a partner would be for the faint of heart. One good thing, however, is that apparently with each Billion dollars invested, you get an option to buy the Brooklyn Bridge!!

-Saving grace. One good think about being a Jets fan in South Florida is that it is just about the only place in the country where "my" team has a better record than "your" team. Be thankful for the small things.

Propane Futures (December) are up over 80% from the January lows....



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