

# THE ANGUS ENERGY REPORT

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	HEATING OIL (MAR)	GASOLINE-RBOB (MAR)	NATURAL GAS (MAR)	CRUDE OIL (MAR)
<b>Post inventory report trading:</b>				
<b>Crude -----</b>				
<b>.15 higher</b>				
<b>Products -----</b>				
<b>100 higher (heat)</b>				
<b>125 higher (gasoline)</b>				
<b>Natural Gas ---</b>				
<b>.075 lower</b>				
<b>HIGH</b>	2.6298	2.4078	8.620	94.15
<b>LOW</b>	2.5698	2.3561	8.360	92.06
<b>SETTLE</b>	<b>2.5911</b>	<b>2.3680</b>	<b>8.436</b>	<b>92.78</b>
<b>CHANGE</b>	<b>-.0133</b>	<b>-.0282</b>	<b>-.095</b>	<b>-.81</b>
<b>14 DAY RSI</b>	57	51	63	54
<b>5 DAY MA</b>	2.5254	2.3258	8.274	90.68
<b>9 DAY MA</b>	2.5039	2.3162	8.110	90.28
<b>14 DAY MA</b>	2.5068	2.3306	8.054	90.54

**-D.O.E. stats...** Crude oil stocks rose 1.07 mmbbls. Distillate stocks fell .17 mmbbls. Gasoline stocks rose 1.75 mmbbls. Operating capacity rose 0.7% to 85.1%. The markets were fairly quiet overnight, and the release of this data did not cause that much of a change. We still have resistance at Monday's highs, and support down at Thursday's lows – a big range. \$100/bbl. is still quite a bit off, but traders may look to take profits from the recent rally (let's hope so), and "test" the support at \$90/bbl.

**- Just when it looked like the bulls were going to waive the white flag,** things turned around in a hurry late last week. Prices (spot NYMEX #2 oil futures) closed below \$2.42/gallon last Wednesday, and then moved down to almost \$2.40/gallon on Thursday, before the rally gripped the markets. By the time the rally peaked on Monday, prices had risen to as high as \$2.6462/gallon (settling at \$2.6044), a move – low to high – of \$.2420/gallon in less than 3 trading sessions! Crude oil's range was almost \$8.50/bbl. Prices have been range-bound since, but "external" issues are, again, starting to impact the energy markets.

**- A legal (and political) dispute** between Venezuela and ExxonMobil (or between Venezuela and the U.S.) is brewing, and had several mini-explosions this past week. Exxon-Mobil won a court order allowing it to freeze \$315 million in a Venezuelan account in the U.S., and won rulings related to \$12 Billion of Venezuelan (PDVSA) assets, pending resolution of a dispute relating to the Venezuelan government's seizure of a heavy oil project from Exxon-Mobil last year. Venezuela's President, Hugo Chavez, has used this news to hop back on his soap-box with comments and threats levied at the U.S., its government and

NYH Barge (est.)	NYMEX #2 Oil	NYMEX #2 Oil	Jan '09 futures
02/06/08	2.4113	02/06/08 2.4188	02/06/08 2.4588
02/07/08	2.4525	02/07/08 2.4585	02/07/08 2.4875
02/08/08	2.5486	02/08/08 2.5541	02/08/08 2.5656
02/11/08	2.5994	02/11/08 2.6044	02/11/08 2.6014
02/12/08	2.5869	02/12/08 2.5911	02/12/08 2.5891

people. Today's (expected) move saw PDVSA stop sales to Exxon-Mobil of crude, gasoline and diesel. The company (PDVSA) will continue to supply crude to the joint-owned Louisiana refinery. Common thinking is that this will be quite short-lived, as Venezuela's economic life-line is very tied into sales of crude to the U.S. Chavez has a statement to make, and he is making it. Crude traders have taken note, but the next move to \$100/bbl. will take more than this – and hopefully won't occur.

**- Hey, it's cold out there.** After seeing an extended mid-Jan through early-Feb warm trend (Jan HDD's were off by 9-12% in most Northeast locales), there was a change in the short-term forecast that came out just as the Venezuelans were rattling their sabers. The colder weather increased likelihood of increased demand for heating oil and natural gas (duh), despite the continued talk of economic woes and slowdowns.

**- Who's in charge of prices now?** We still have the same list of bullish and bearish factors tugging at oil prices. The economy has not showed signs that "the slowdown" (or, dare we say, the recession) is not slightly ahead of us on the road. We also haven't seen signs that the dollar is turning around, or that demand from other nations is set to slip away. In addition, in response to fears that world demand for crude oil is (or

will be) falling, OPEC President (and Algerian oil minister) Chakib Khelil is now talking about a possible **production cut** at next months' meeting. A cut might be a big extreme – especially considering all the talk of a possible increase in the not too distant past – but, his comment that “One thing is for sure, we won't increase production” (if true), may well put a floor under prices, for the near term.

**- Ringing the panic-bell.** John Hess, the CEO of Hess Corp., is pointing out that the increasing growth of automobile ownership in India and China is going to (not, might, but “IS”) cause gasoline demand to outpace any anticipated growth in energy supply. Hess' anticipated time-table for this “crisis” is within the next ten years. On one level, that seems to be a) alarmist and b) still a ways off. However, when we realize that high school (for many of us) was decades in the past, and that the “New Millennium” was 8 years ago, 10 years isn't so far off....

**- Dollar, interest rates and equities** all seem to be part of this big “where are prices headed” picture, but trying to clarify that scenario is even more difficult than trying to picture where oil prices are headed. U.S.

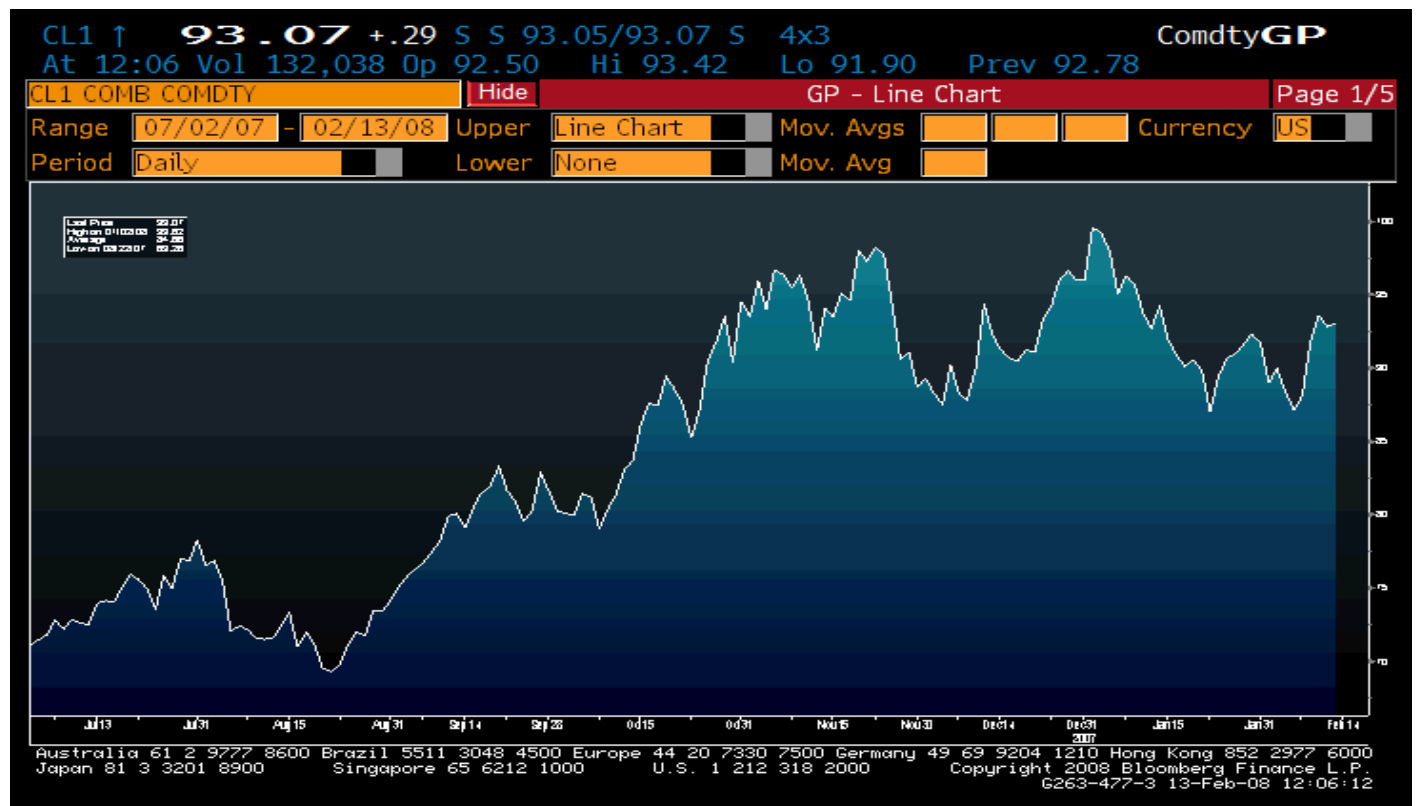
equity prices (using the S&P 500 as reference) are down about 7.5% for the year, after being off by almost 11% in late January. Getting a handle on where prices will be, as interest rates fall, and a recession looms, is quite a daunting task. Many oil dealers have just taken on the attitude that they'll have to just retire a few years later, but we need to hope that the customers will be able to keep paying their bills.

**- Recent volatility** has driven option premium prices higher. Hopefully over the next few days, as we approach the March “Best Buy” window, we will see a slight dampening of the “vols”, and see premiums in line with, or lower than, those for February.

**- Slowly, but steadily, natural gas futures** have reached their highest price since early November, with the increase of \$1.00/dkt. in the March contract over the past 3 weeks. Heating demand has been strong, but inventories are quite robust. We need to see how the weather forecast looks for the end of February before getting a good idea on where these prices are headed.

**- Looking for a silver lining in some grey clouds?** Pitchers and catchers are set to report this week....

Crude oil futures...



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