

THE ANGUS ENERGY REPORT

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Post inventory report trading: Crude ----- .20 lower Products ----- 150 lower (heat) 400 higher (gasoline) Natural Gas --- .125 lower		HEATING OIL (MAR)	GASOLINE-RBOB (MAR)	NATURAL GAS (APR)	CRUDE OIL (MAR)
	HIGH	2.8251	2.5545	9.327	101.43
LOW	2.7579	2.5082	9.103	98.46	
SETTLE	2.8150	2.5505	9.206	100.88	
CHANGE	+.0297	+.0086	+.020	+1.65	
14 DAY RSI	70	62	72	68	
5 DAY MA	2.7712	2.5467	9.079	99.37	
9 DAY MA	2.7274	2.5218	8.910	97.88	
14 DAY MA	2.6552	2.4518	8.683	95.33	

-D.O.E. stats... Crude oil stocks rose 3.23 mmbbls. Distillate stocks fell 2.58 mmbbls. Gasoline stocks rose 2.36 mmbbls. Operating capacity rose 1.2% to 84.7%. It doesn't really seem to matter what the weekly inventory numbers say – except for the hour or two after their release each Wednesday. This week's report took some of the wind out of the markets' sails, with gasoline leading prices lower. After seeing crude oil fall by over a dollar/bbl., and heating oil by over 4 cents, both have recovered most of their losses, but gasoline is staying well off on the session – so far.

-Where do you start? When a market continues to totally defy any logic or predictable rules, you just have to accept that guessing what will happen is nothing more than a 50/50 bet. Regardless of what you want to blame the most recent move in oil prices on (weak dollar, geopolitical issues, insurgents in Nigeria, Iraq, etc., Federal Reserve,), prices continue to set record highs, and despite all the logic in the world that practically MANDATES that heating oil should drop by 30, 40, or 50 cents per gallon, we are still setting new highs, almost daily. Hedged positions and programs have NEVER been more important and useful. Are your customers aware of all that you are doing (or, should be doing) for them, or are they busy blaming the woes of the world on you? Like it or not, for those with properly hedged programs, this may be the best time ever to tout your message – it's time to be on the offensive, not to fear the customer calls....

- By the numbers. Monthly lows to highs: Crude oil (April) 86.34/bbl. to 102.08/bbl. Heating oil (March) 2.4042/gal. to 2.8345/gal. Gasoline (March) 2.2250/gal. to 2.5600 gal. Natural Gas (March)

NYH Barge (est.)		NYMEX #2 Oil		NYMEX #2 Oil	Jan '09 futures
02/20/08	2.7471	02/20/08	2.7546	02/20/08	2.7321
02/21/08	2.7316	02/21/08	2.7381	02/21/08	2.7073
02/22/08	2.7570	02/22/08	2.7630	02/22/08	2.7160
02/25/08	2.7816	02/25/08	2.7853	02/25/08	2.7313
02/26/08	2.8115	02/26/08	2.8150	02/26/08	2.7694

7.580/dkt. to 9.360/dkt. We have had (many) years that haven't had the ranges that we have seen in the last 3 weeks.

-Searching for good news? While this is really a leap, the "technical indicators" are at or approaching "overbought" territory. In a vacuum, this would indicate – lacking other bullish news – that prices should start to move lower, and back into "balance" (wherever that is!!). As we don't really have any substantial fundamental news supporting the markets – especially given that we are, according to most sources, either in or about to be in a recession – the hope might be that when profit-taking comes in, it really hits the markets hard. We are at very lofty levels. The good news is that seeing heating oil prices drop 50-cents may be a real possibility. Unfortunately, some of the same arguments can be made for an additional 50-cent rally. How many of us are sure that racks won't be approaching \$3.50 before next winter?

-This reminds me of Latrell Sprewell wondering how he could support his family given that he was offered "only" a 3-year, \$21 million extension... OPEC, is noting that the supply-demand balance is stable, and that we are entering the time of year that when there is expected to be an increase in stockpiles. An official "speaking on condition of anonymity" said that the

cartel, recognizing that although the supply-demand equation does NOT support prices at these levels, noted that increasing stockpiles might lead to an imbalance, and to address, a production CUT is possibly still on the table!! Didn't take them too long to start to believe that \$100/bbl. was this seasons' black!

- Not related to oil, but to the prior comment, it should be noted that Latrell Sprewell should have taken the \$21 mil... His home in Milwaukee – after missing mortgage payments from September '07, through this January - is under foreclosure (still owing \$295K), and his \$1.5 million yacht was just sold at auction, leaving him still owing \$500,000 on the boat. Not the best money-management that I have ever heard of!!

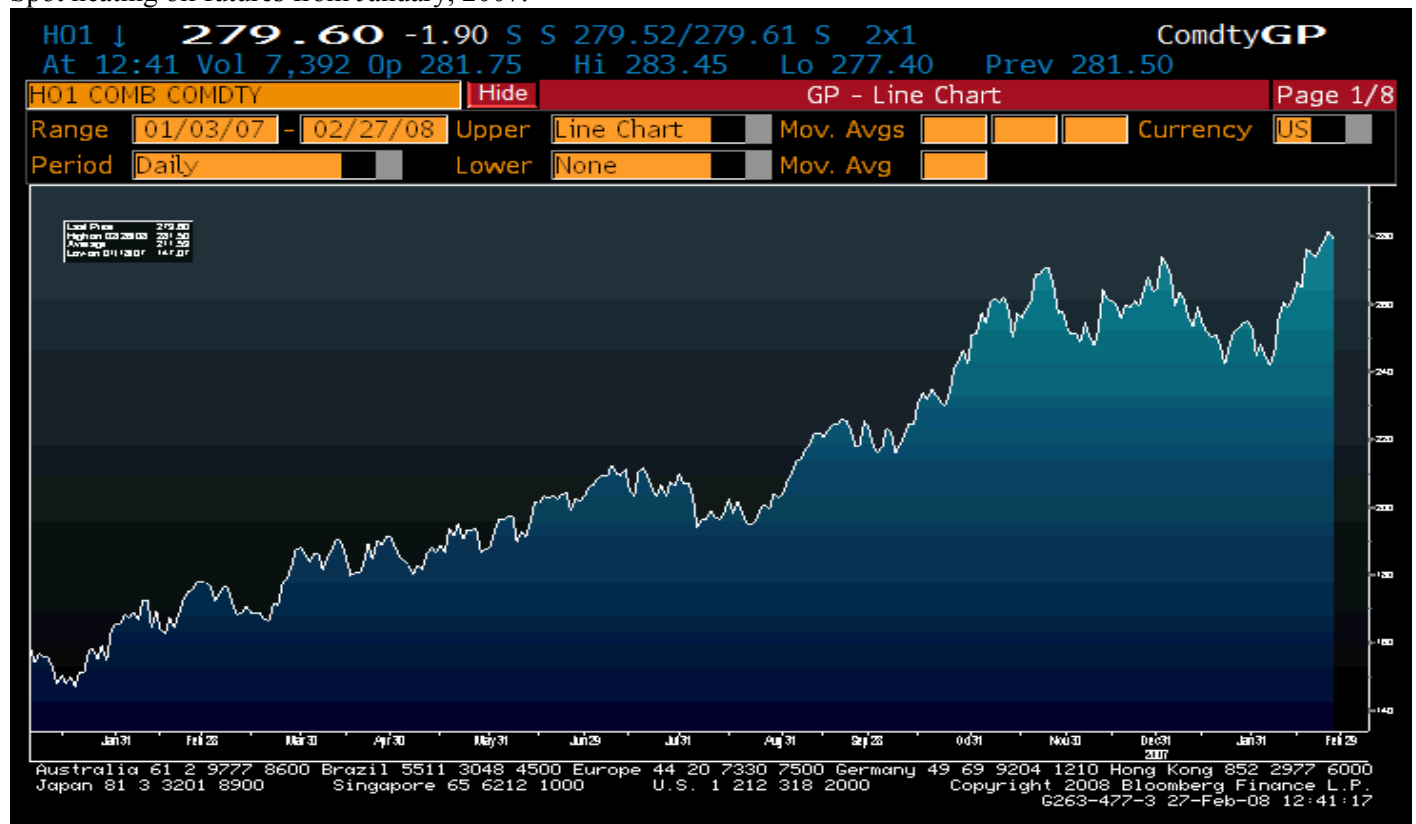
-As this is being written, the dollar is at an all-time low vs. the Eurodollar (1-Euro = \$1.5144 USD). Although it is hard to peg the exact impact on the cost of oil, when you consider that as recently as late 2002, the US Dollar was at a premium to the Euro, a lot of the extra pricing has been built into something as simple as “exchange rates”. With the Federal Reserve on a continued course of keeping the money supply

flowing here, to stem off the recessionary trends, we have to hope that there will be a stop sometime soon. As good as a weak dollar is for those is the U.S. who export, we must remember that we are the world's largest importer of goods, and that eventually that will (it has already started) make the cost of all of those goods that we export more expensive. Look at your street prices. Aren't they about a dollar higher than the same week a year ago? There IS inflation. It's just being couched by an easing in monetary policy.

- I certainly don't have enough insight or knowledge to second guess what the government is doing with interest rates – and given that after the stock market (as measured by the Dow Jones Industrial Average) fell by over 12% in the first 3 weeks of the new year, but that is has risen over 9.5% since those lows on January 22nd – but straddling that inflationary/recessionary line is very tough and (more to the point) resting heavily on the backs of those of us in the energy complex.

- The Miami Heat just offered us a 3-year extension for our seasons' tickets, with a 4% discount. I guess trading Shaq, and having the worst record has them seeking new ways to keep customers in-house!!

Spot heating oil futures from January, 2007.



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