

THE ANGUS ENERGY REPORT

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	HEATING OIL (JUN)	GASOLINE-RBOB (JUN)	NATURAL GAS (JUN)	CRUDE OIL (JUN)
Crude -----				
2.25 lower				
Products -----				
500 lower (heat)				
500 lower (gasoline)				
Natural Gas ---				
.20 lower				
HIGH	3.2746	2.9733	10.959	116.70
LOW	3.1530	2.8984	10.662	113.30
SETTLE	3.1580	2.9063	10.843	113.46
CHANGE	-.0751	-.0264	+.001	-2.17
14 DAY RSI	53	54	59	54
5 DAY MA	3.2436	2.9833	11.012	116.48
9 DAY MA	3.2626	2.9912	10.927	116.84
14 DAY MA	3.2417	2.9491	10.697	115.33

-D.O.E. stats... Crude oil stocks rose 3.85 mmbls. Distillate stocks rose 1.13 mmbls. Gasoline stocks fell 1.48 mmbls. Operating capacity fell .2% to 85.4%. The inventory numbers were bearish enough, when coupled with no “news”, and implications that the interest rate free-fall might be waning, to help bring prices down. We have a long way till prices are reasonable, but this is a nice step.

Hopefully, we don’t run into late-session profit-taking from those who have been shorting the market over the last few days.

-Mercifully, the month of April has ended. We have prices that are roughly 35 cents per gallon higher than where we started the month, but perhaps that is not too bad – when you consider that we were a full dime higher just a few days ago.

-The Federal Reserve made what might be its last attempt to stave off a deep recession in cutting interest rates another quarter point yesterday. The cut was anticipated, but traders and market observers are noting that “The Fed” might be done with the lowering of the rates, and the flow of money into dollar-denominated assets (and commodities) that has been a key driver in moving energy prices higher may take a short hiatus. We can only hope that those views become reality, as we are VERY, VERY overdue for a price correction, and some relief – both for the consumer and the oil dealer – from the overhanging receivables issues.

-Calm waters? With North Sea strikes over, and relative calm in Nigeria, might we have an opportunity to see that most of the rally was driven by the continuing weakness in the Greenback, and (more importantly) if that weakness is coming to a close... perhaps “the dip” will be ahead of us. The dollar is

NYH Barge (est.)	NYMEX #2 Oil	NYMEX #2 Oil	Jan '09 futures
04/23/08	3.3355	04/23/08 3.3250	04/23/08 3.3627
04/24/08	3.2655	04/24/08 3.2583	04/24/08 3.3026
04/25/08	3.3180	04/25/08 3.3028	04/25/08 3.3393
04/29/08	3.2976	04/29/08 3.2988	04/29/08 3.3321
04/29/08	3.2465	04/29/08 3.2465	04/29/08 3.2826

stronger this morning, but we need to see whether that is a quick trading opportunity in the aftermath of the rate cut and the Fed’s “comments”, or the start of something sustainable.

- No shock here, but the time to start to speak with the banks (and suppliers) about modifying line-of-credit terms is NOW (actually it has been that way for months, but with deliveries slowing down, the worst should be over – or nearly over). A good look at the Balance Sheet might show some very strong receivables, and good profitability – but, the money still has to come in. If the Balance Sheet review is showing you with payables matching or outweighing your receivables, it is time to take a good look at your margins and your hedging strategies/implementation. It is hard to do that in the middle of the winter, while trying to juggle everything needed to keep the business going, but in the spring, the assessments need to be made. If you need an unbiased outsider to bounce some numbers and ideas off of, feel free to contact us.

-\$120 per barrel – is that the “real” resistance? It seems that, more and more, big numbers - \$80, \$90, \$100, \$120... are numbers that the news outlets look to as support or resistance levels. The fact that we have failed, in two attempts, to take prices above \$120 per barrel likely has less to do with “the number” than with

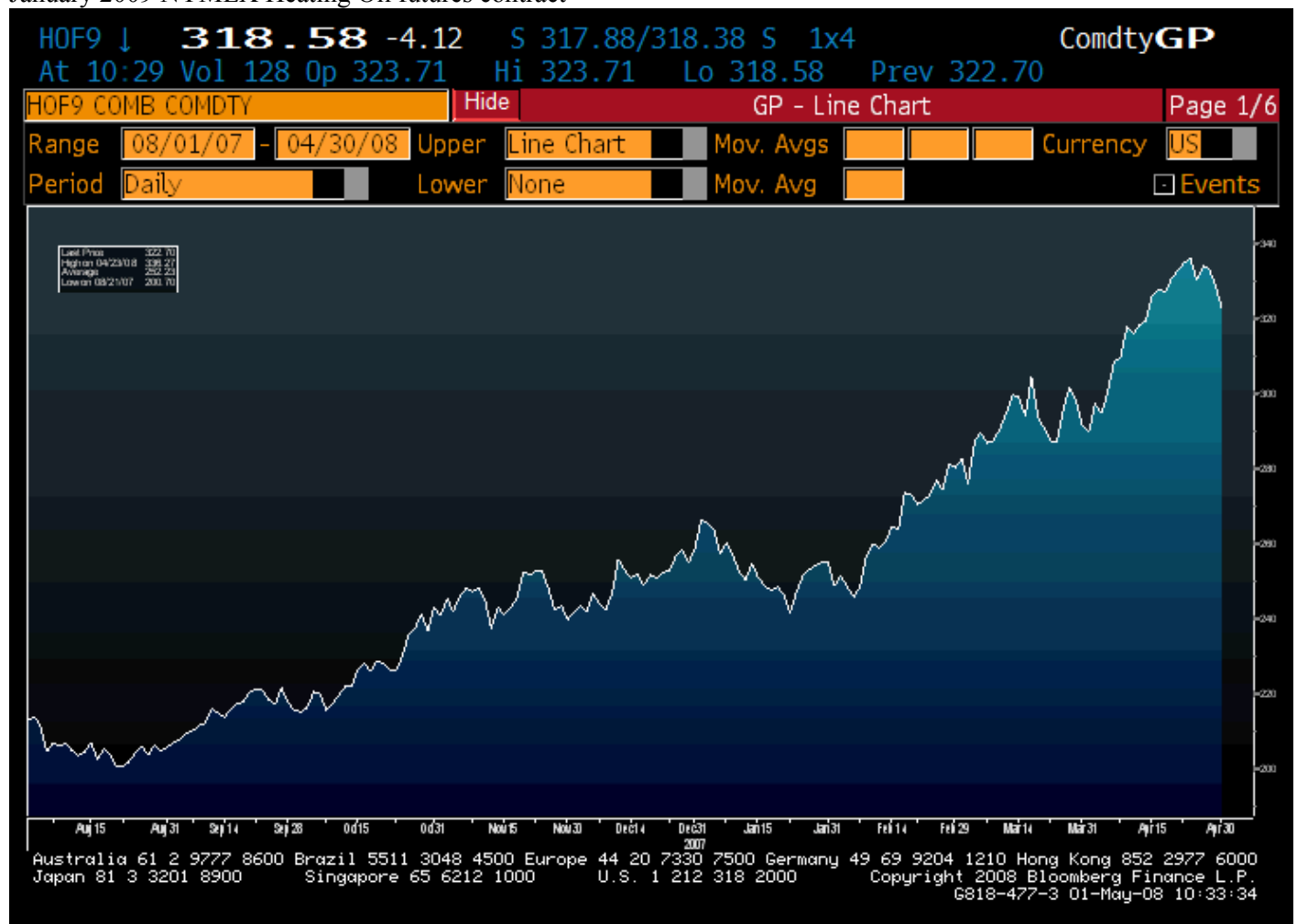
the fact that the market – baring any substantial fundamental news – has a tendency to take profits with each rally. May crude oil futures expired at \$119.37/bbl, and June futures got up to \$119.93/bbl. on Monday. My guess is that we would have sold off over the last two trading sessions EVEN IF May crude oil moved above \$120/bbl. on Monday.

- **Not that it makes selling heating oil for over \$4.00/gallon any easier**, but the fact that some Northeast locations are now reporting gasoline prices that have surpassed \$4.00/gallon, and that May natural gas futures settled over \$11.00/dkt., much of the anticipated outrage seems to have been muted. Without a doubt there is frustration, confusion, and

some inability to afford, but the standard “you are ripping me off, and this is coming out of nowhere”, seems to be less than might have otherwise been thought.

- **April had biggest jump.** As most of our clients prefer to ratably buy their hedges (as opposed to a blind “guess” of which is the best day), we look at the monthly averages for next winter during each month that leads up to it. Using January '09, as the reference point, the monthly average in April was 3.1985/gallon. May was the 8th month in a row (and 12th out of the past 13) with a higher average than the prior month. Hopefully May will break the trend.

January 2009 NYMEX Heating Oil futures contract



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