THE ANGUS ENERGY REPORT

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Crude ------- Products ------ Natural Gas ---		HEATING OIL (AUG)	GASOLINE-RBOB (AUG)	NATURAL GAS (AUG)	CRUDE OIL (SEP)
	HIGH	3.6834	3.1460	10.316	128.70
	LOW	3.5350	3.0210	9.661	124.12
	SETTLE	**3.5501**	**3.0344**	**9.788**	**124.44**
	CHANGE	***-.1281***	***-.1126***	***-.279***	***-3.98***
	14 DAY RSI	37	33	22	36
	5 DAY MA	3.6823	3.1465	10.294	128.87
	9 DAY MA	3.8126	3.2798	10.912	134.50
	14 DAY MA	3.8641	3.3447	11.513	136.72

NYH Barge (est.)		NYMEX #2 Oil		NYMEX #2 Oil	Jan '09 futures
07/17/08	3.7226	07/17/08	3.7438	07/17/08	3.9113
07/18/08	3.6665	07/18/08	3.6915	07/18/08	3.8610
07/21/08	3.7229	07/21/08	3.7479	07/21/08	3.9169
06/22/08	3.6582	06/22/08	3.6782	06/22/08	3.8383
06/23/08	3.5251	06/23/08	3.5501	06/23/08	3.7150

-D.O.E. stats…. Crude oil stocks fell 1.56 mmbls. Distillate stocks rose 2.42 mmbls. Gasoline stocks rose 2.85 mmbls. Operating capacity fell 2.35% to 87.1%. Whether or not the drop in refinery activity was related to the newly-dubbed "weakening economy", it would have taken some very bullish numbers to rally prices, given their weakness over the past 2 weeks. Prices, which had opened much lower before the inventory reports, did manage to rally to unchanged for a bit, before taking the rest of the session.

- As Paulina Porizkova's husband used to say, "Let the Good Times Roll". In the last 2 weeks, we have seen a very sizable correction in prices. The good news is that the prices have fallen about 50 cents per gallon since peaking just a short while ago That should be the focus of the attention, and not on the (negative) fact that we are still almost $2/gallon higher than where we were about a year ago.

- Overdone? Much in the same way that prices during their very extended rally went way overboard on the way up, some are looking at this sell-off in the same way. The theory that the volatile energy markets keep overreaching their bounds would call for a correction higher (or worse, a new "leg" to higher prices in this bullish environment). For now, we are quite content to embrace the move lower, and to hope that it will continue.

- Although we are still well in advance of the '08-'09 heating season, much is being said about this market's actions, and the growing abandonment of many fixed-price programs. Without a doubt, the high cost of offering a price cap to customers – whether that cost is borne by the customers "up-front", or part of the sales margin, or a combination of the two – does make for quite a challenge when doing strategic planning, but when you consider that the customers who capped their costs – even at the highs of the markets – are in a position to see their prices start to fall, while those who might have fixed their price at the same time are "stuck" at those levels, you can understand the nervousness of those who made the fixed offerings, as to the customers' willingness (and even if willing, happiness) to pay the higher (relatively) prices. At what level will customers be willing to violate their contractual agreements, and what will the oil dealers do about it? None of this is an issue with regards to a cap offering.

- There was a lot of talk this past week that, perhaps, the sell-off started with some forced liquidation of some sizable futures contracts by a speculative fund that had a large position in the markets. Although pointing the finger solely at speculators as the cause for higher prices is quite short-sighted, the participation by speculators is certainly in the mix. So, this begs the question of whether the "forced liquidation" was just an artificial move lower in a market that is poised to continue to move higher. Or, perhaps there were real fundamentals that were starting to take the markets lower – such as increased projections for a rapidly cooling economy. This might fall under the aforementioned (in this newsletter); "Don't wish for things. They might come true" If projections that the economy will be bad lowers the price of oil, and projections that the economy is good increases the price of oil – other than heating oil dealers, what is the better case? Have we reached the point that we can say that we now recognize the ultimate tug of war for the 21st Century?

- Weakness in natural gas has caught much of that markets' participants by surprise. The sell-off has been accompanied by drop in the Implied Volatility of nat gas options. On the other hand, the drop in crude oil and heating oil prices has been met by increases in "the vols" for those markets, effectively wiping out any options premium benefits. The good news is that those who are buying heating oil options are buying options with lower strike prices. The bad news is that the expected lowering of premiums (even with same volatility) has not happened. Hopefully, we will see the volatilities of the heating oil options fall as they have done in natural gas.

-**Although the hurricane** that is finishing up working its way through Texas did not cause any platform damage or significant shut-ins, we do need to bear in mind that we are into the most active part of the Hurricane Season, and must prepare (trading-wise)_ accordingly.

-Part of the recent decline has been attributed to Iran's seeming willingness to discuss all aspect of their nuclear plans. That was until Ahmadinejad announced yesterday, in typical 4-year old fashion that "you're not the boss of me, and that Iran will do what it wishes". It still amazes me that anyone takes ANYTHING said out of Teheran with any seriousness.

So, one thing we learned on Tuesday, Wednesday and Thursday – a closer is really important if you are planning on holding a lead in the 9th inning!!