

# THE ANGUS ENERGY REPORT

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		HEATING OIL (SEP)	GASOLINE-RBOB (SEP)	NATURAL GAS (SEP)	CRUDE OIL (SEP)
Crude -1.00 higher	HIGH	3.1998	2.9153	8.151	116.65
	LOW	3.0614	2.7909	7.780	111.64
Products -300 higher	SETTLE	3.1237	2.8639	7.976	114.53
	CHANGE	+.0389	+.0477	+.088	+1.66
Natural Gas -- .15 higher	14 DAY RSI	31	38	24	37
	5 DAY MA	3.1117	2.8767	8.110	114.44
	9 DAY MA	3.1242	2.8871	8.227	114.98
	14 DAY MA	3.2060	2.9318	8.484	117.37

**D.O.E. stats...** Crude oil stocks rose 9.39 mmbbls. Distillate stocks rose .48 mmbbls. Gasoline stocks fell 6.20 mmbbls. Operating capacity fell .20% to 85.7%. The markets were expecting a draw in gasoline, and the expectations were met. However, most were looking for a small draw in crude oil, and when the large build was reported, a day that had started with prices much higher quickly turned into a day with lower prices. Of course that didn't really surprise anyone. Nor did the late-day rally that took prices higher into the close catch anyone who has been watching these markets off guard.

**-Another day, another 12-cent range** in heating oil. Since bottoming this past Friday, prices have slowly struggled to gain back about 15 cents of their dramatic month-long decline. Although we keep seeing days with strong openings (crude oil was up \$2.50/bbl. this morning), this is a market with the "bears" in charge, and with speculative sentiment notably on the short side. We have been waiting for this for a long time, and just hope that we don't have a severe reversal of this decline as the heating oil season hits.

**-Dodged our first bullet.** As it become clearer that Fay would just dump a lot of rain throughout Florida, but not cause any real problems in the Gulf, prices continued their weak economy-stimulated decline. We are in that weird area in which bad economic forecasts are moving energy prices lower, which may result in improving

NYH Barge (est.)	NYMEX #2 Oil	NYMEX #2 Oil	Jan '09 futures
08/13/08	3.1005	08/13/08 3.1317	08/13/08 3.2657
08/14/08	3.0691	08/14/08 3.0991	08/14/08 3.2316
08/15/08	3.0904	08/15/08 3.1191	08/15/08 3.2451
08/18/08	3.0611	08/18/08 3.0848	08/18/08 3.2093
08/19/08	3.1000	08/19/08 3.1237	08/19/08 3.2402

economic forecast. That might move prices back up, and rekindle fears. The Catch-22 seems to have a wide price range to it, so better to look for other indicators.

**- 5-for-5.** No, that wasn't Michael Phelps' record 4 days ago. It is the consistency that we are finding with customer-complaint phone calls. We have spoken with 5 of our clients who offer price caps, but also offer (albeit a limited amount of) fixed-prices. The "complaint/renegotiate" calls from fixed-price customers are outnumbering the whining about how high the cap level might be, by about 15-to-1. Even if the cap that was set was at the peaks, with the ceiling price being in the low or mid \$5.00's per gallon, when deliveries are made at a price of around \$4.00/gallon, those numbers look really good – especially when compared with fixed prices of around \$5.00/gallon. – Caveat Emptor!! However, if that doesn't work, you can always convert the customers – provided the right fee – into a cap account!

**- If there is a bit of a disturbing trend** over the past two weeks, it is that those many, many, many

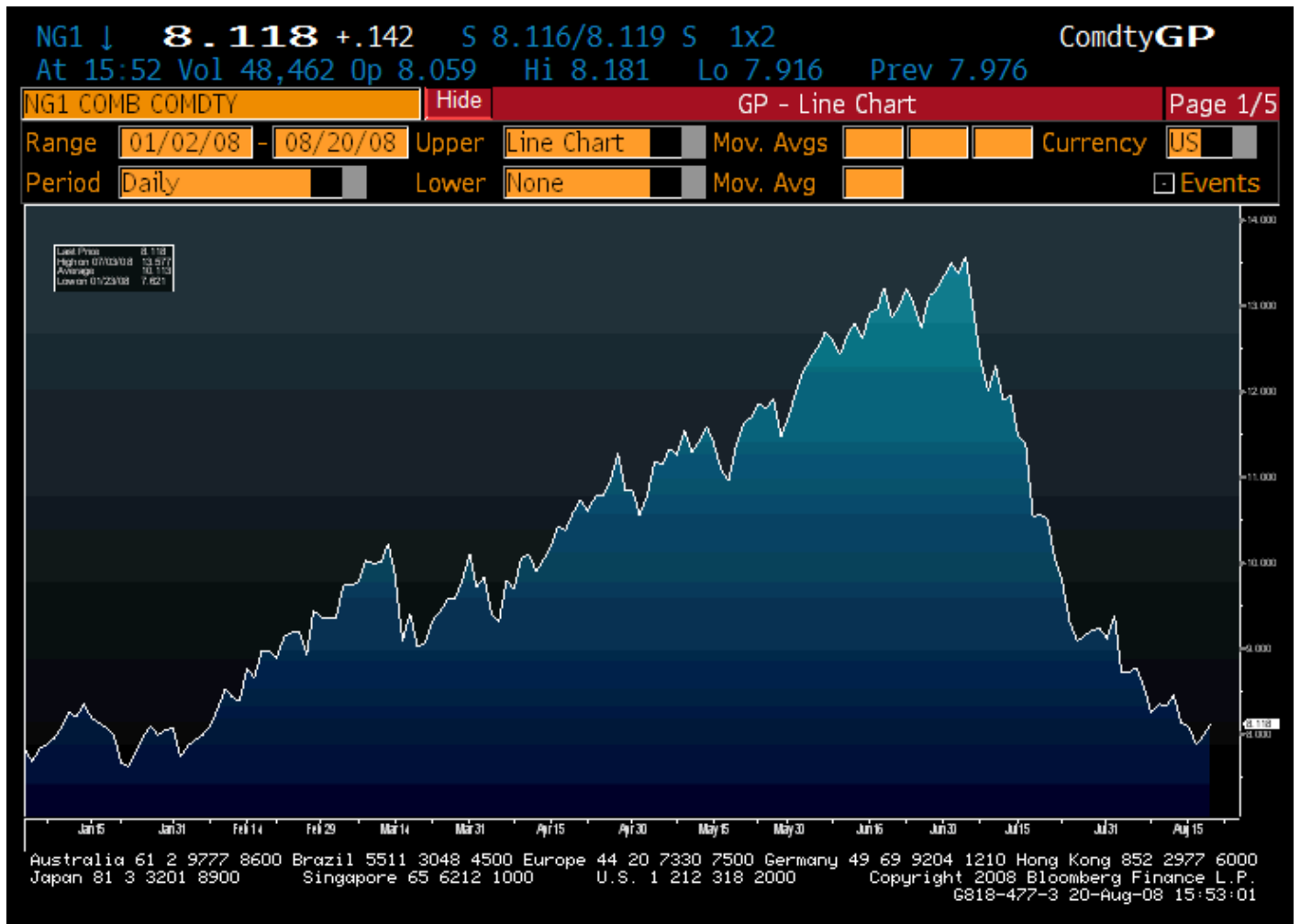
heating oil dealers who had spent the better part of 6 months praying for prices to fall, had suddenly gone to “The Dark Side”, and were hoping that the declines would stop. Not that prices really move in response to what we hope or pray for, but aside from the nominal annoyance and “noise” generated by problem customers and some problem competitors, lower prices benefit all - banks, margins, receivables, companies and customers. Let’s not forget that.

**- It’s not just heating oil dealers** who are feeling the heat (pardon the pun) from their banks. A

friend of mine in South Florida called me today to tell me that he spoke with one of his bankers (a top U.S. lending institution), and was told that they are done with their ’08 lending!! Just like that, no more money to be loaned until January, at the earliest. Make sure that your working capital facilities are in place and that – with prices where they are - as the season approaches, the lines are big enough.

**- 5 top starters, 5 average relievers....** Will it work?

**Natural Gas weakness. Has it found a bottom?**



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