

THE ANGUS ENERGY REPORT

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		HEATING OIL (SEP)	GASOLINE-RBOB (SEP)	NATURAL GAS (SEP)	CRUDE OIL (OCT)
Crude -2.00 higher	HIGH	3.2710	2.9918	8.379	117.89
	LOW	3.1092	2.8316	7.888	112.36
Products - .0500 higher	SETTLE	3.2099	2.9697	8.278	116.27
	CHANGE	+.0585	+.0874	+.453	+1.14
Natural Gas -- .15 higher	14 DAY RSI	43	48	38	43
	5 DAY MA	3.1913	2.9352	8.055	116.54
	9 DAY MA	3.1537	2.9030	8.041	115.46
	14 DAY MA	3.1482	2.9043	8.166	115.58

D.O.E. stats.... Crude oil stocks fell .18 mmbbls. Distillate stocks rose .06 mmbbls. Gasoline stocks fell 1.18 mmbbls. Operating capacity rose 1.58% to 87.3%. The reports were pretty much in line with expectations, if not a little to the bearish side, but with our new friend, Gustav, making predictions of hurricane tracks harder than ever, all eyes are on the radar....

- Meet Gustav. It is not clear what is more concerning to meteorologists – the fact that Gustav is heading towards a very sensitive region of the Gulf of Mexico and is estimated to make landfall in that refining region of the Gulf with winds that might be in the Cat-4 area, and that it is expected to be the most expensive storm since the Katrina and Rita twins hit a few years back, OR is it the fact that a barely noticeable “tropical disturbance” turned into a VERY serious threat in the matter of a few hours. I spent time with some meteorologists and others in the weather and insurance industry on Tuesday, and one of the big issues raised was a desire for better forecasting models. Not so much to the storm track (or the “cone of uncertainty”), but in the predicting of what “disturbances” might become “depressions”, “storms” and/or “hurricanes”. For now, the projected path has many possibilities, ranging from the Florida panhandle to the Houston, Texas area. The “middle” of the path seems to be pointing towards New Orleans (nothing good can come from the hurricane making landfall there),

NYH Barge (est.)	NYMEX #2 Oil	NYMEX #2 Oil	Jan '09 futures
08/20/08	3.1473	08/20/08 3.1635	08/20/08 3.2788
08/21/08	3.2894	08/21/08 3.3006	08/21/08 3.4144
08/22/08	3.1211	08/22/08 3.1311	08/22/08 3.2543
08/25/08	3.1414	08/25/08 3.1514	08/25/08 3.2730
08/26/08	3.1999	08/26/08 3.2099	08/26/08 3.3154

but talk on the street is that it might move closer to the refining areas of Galveston, Texas. Once the storm passes through the West Coast of Cuba, over the weekend, it is expected to gain strength (and size) over the warm waters of the Gulf, and look towards the next landfall some time on Monday. Judging from the rally in natural gas over the past few days, traders are somewhat concerned over damage to platforms in the Gulf, but also judging from the fact that prices did not really explode (in either nat gas or crude oil), the consensus (very subject to change) seems to be that shut-ins will be short-lived, and considering that most of the storm will pass through during the long Labor Day holiday weekend, the impact (as we all hope) will not be severe.

- Back to the heating oil markets, we have had some of the wildest days of trading in some time, but prices are still having a hard time sustaining a rally, after the summer sell-off. We saw a 14-cent increase in prices on Thursday, followed by a 16-cent drop on Friday. The “feeling” is that the short-term lows may well be in place, but with continuing reports of dropping demand, due to a

weak/weakening economy, it is really hard to know if the lows are truly in place. For those with cap-price offerings, it is a blessing to be able to make deliveries at prices below (or well below) the cap/maximum price. Some customers, after witnessing a few years of paying the cap/max price on EVERY delivery, are starting to feel like they are getting away with something!! The fixed price customer needs a little more attention, but in most cases it was the customer who chose to fix

his or her price, and needs to understand that the fixed price DOES provide predictability, although it does not allow for a lowering of prices. That is what the customer chose!

- **Did I mention the other 3** tropical disturbances that are being followed that have a chance to form into “something”?

- **Only three people** brought up last night’s 13 inning debacle. My thanks to the other Met-haters for not bringing it up!!

