

# THE ANGUS ENERGY REPORT

http://www.angusenergy.com  
e-mail pbaratz@angusenergy.com

February 4, 2009  
Written by Philip J. Baratz, C.T.A.

Today's pricing		HEATING OIL (MAR)	GASOLINE-RBOB (MAR)	NATURAL GAS (MAR)	CRUDE OIL (MAR)
<b>Crude - .25 lower</b>	<b>HIGH</b>	1.3600	1.1742	4.728	41.17
	<b>LOW</b>	1.3158	1.1205	4.360	39.65
<b>Products - .0100 higher</b>	<b>SETTLE</b>	<b>1.3254</b>	<b>1.1670</b>	<b>4.513</b>	<b>40.78</b>
	<b>CHANGE</b>	<b>-.0170</b>	<b>+.0178</b>	<b>-.044</b>	<b>+.70</b>
<b>Natural Gas - .10 higher</b>	<b>14 DAY RSI</b>	40	50	35	41
	<b>5 DAY MA</b>	1.3862	1.2068	4.500	41.23
	<b>9 DAY MA</b>	1.3899	1.1843	4.505	42.62
	<b>14 DAY MA</b>	1.4048	1.1887	4.611	42.73

**D.O.E. stats...** Crude oil stocks rose 7.17 mmbbls. Distillate stocks fell 1.36 mmbbls. Gasoline stocks rose .36 mmbbls. Refinery runs were 83.5% of capacity, up 1.0%. It is hard to tell how/if the weekly reports really impact the prices of oil for more than a few minutes. As soon as the numbers were released, prices fell for a bit, only to move back towards the highs of the day.

**-Early strength, late weakness** – the trend continues. It seems as if traders keep anticipating another one of those trading sessions that see prices spike up with no selling to get in the way – like we had two Fridays ago. When small rallies don't result in continued buying, trade interest seems to dry up, and prices drift back towards "unchanged" on the day. This is a tell-tale sign of a market begging for some real news to trade off of, and to give it some new direction.

**-Trading range holding.** The good news about the "direction-less" market is that as the ranges continue to hold, the Implied Volatility has fallen, starting to make options for next winter more affordable – I doubt that I will ever use the words "cheap" or "underpriced" when referring to heating oil (or natural gas, gasoline, propane, kerosene, heavy oil or crude oil) options. So, let's just go with "cheaper".

**- Stimulus package – help or hurt economy?** There is no bigger question out there right now than what the impact will be once the package that

NYH Barge (est.)	NYMEX #2 Oil	NYMEX #2 Oil	Jan '10 futures
01/28/09	1.4253	01/28/09 1.4215	01/28/09 1.6491
01/29/09	1.4350	01/29/09 1.4283	01/29/09 1.6488
01/30/09	1.4526	01/30/09 1.4538	01/30/09 1.6505
02/02/09	1.3524	02/02/09 1.3424	02/02/09 1.5819
02/03/09	1.3354	02/03/09 1.3254	02/03/09 1.5742

is working its way through Congress is settled upon. There are so many moving pieces (and pork) in the various proposals, but when all is said and done, there needs to be some stimulus, and it is needed now. The economy must get going. Is this the right way? We probably won't know for quite some time. In the meanwhile, fear of spending continues to be the modus operandi for most consumers and businesses, and it has certainly kept a lid on any possible causes of increased energy prices.

**- Margins remain fairly robust for most oil sales** – capped and variable – and even with the occasional pressure caused by competition, this remains the type of market (margin-wise) that we have been hoping for. Setting programs for next winter will (as it usually is) be tricky, but the hoped for dip in volatility might help out.

**-OPEC keeps insisting** that it plans to implement all of their proposed production cuts in an effort to bring their prices toward \$80/bbl. From what we read, if they were to really get their act together with regards to following quotas and production (hasn't happened in a few decades!), we might

well see prices over \$100/bbl. once again. For now, the hit that the producing countries are taking is making it hard to see full production-cut compliance as a strong likelihood.

**-Cheap oil?** Heating oil prices for this January were over a dollar lower than where they were last

January, and even lower (by a little) than the prior two Januarys. However, before that, prices were never as high as they are now, and we are still about 300% higher than where we were in 2002. Just for a little perspective.

**-Quite a game on Sunday.**

Historical Heating Oil Prices....



If you have received this message in error or would like to be removed from receiving future faxes / emails please send your request via email to opt-out@angusenergy.com or by fax to 212-937-1914. Please include the email / fax number to be removed to ensure successful removal.