

THE ANGUS ENERGY REPORT

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Today's pricing		HEATING OIL (APR)	GASOLINE-RBOB (APR)	NATURAL GAS (APR)	CRUDE OIL (APR)
Crude – .75 lower	HIGH	1.2873	1.4300	3.899	49.82
Products – Heat- 10 lower	LOW	1.1900	1.3510	3.761	46.53
Gasoline – 500 lower	SETTLE	1.2747	1.4238	3.812	49.16
Natural Gas - .10 lower	CHANGE	+.0617	+.0565	-.038	+1.81
	14 DAY RSI	52	60	35	59
	5 DAY MA	1.2089	1.3482	3.877	46.24
	9 DAY MA	1.2053	1.3353	3.903	46.00
	14 DAY MA	1.2109	1.3405	4.012	45.09

D.O.E. stats... Crude oil stocks rose 1.94 mmbbls. Distillate stocks rose .11 mmbbls. Gasoline stocks rose 3.20 mmbbls. Refinery runs were 82.1% of capacity, down 0.6%. The immediate reaction was a sell-off in prices, across the board, but aside from continued weakness in gasoline, prices are only slightly lower on the session – with a lot of time to go!

- Gasoline prices, which, fundamentally, should continue to strengthen as the driving season approaches, have begun to lag both crude oil and heating oil, of late. Are the gasoline traders the ones being realistic in that demand for ALL energy products remains weak, or are the optimistic crude oil and heating oil traders the ones who have it right? Not that we would ever expect to have too much rational thought in the energy markets, but crude oil traded up to almost \$50/bbl yesterday (it was below \$34/bbl only a month ago), and heating oil has staged a small rally – up about 17 cents per gallon in less than a week.

- The phenomenon seems to be based, primarily, on thoughts that we might have some “economic bottoms” in place. While no one seems to be talking about any impending rallies, thoughts that the recession might actually end in late 2009 and that the worst might be behind us, has propelled the stock market to a sizable (almost 1,000 point rally) in the Dow Jones Industrial Average in less than two weeks. Housing starts did NOT fall last

NYH Barge (est.)	NYMEX #2 Oil	NYMEX #2 Oil	Jan '10 futures
03/11/09	1.1206	03/11/09	1.1331
03/12/09	1.2127	03/12/09	1.2264
03/13/09	1.1882	03/13/09	1.1972
03/16/09	1.2030	03/16/09	1.2130
03/17/09	1.2622	03/17/09	1.2747

month, and inflation remains in check – allowing for historically low interest rates (for those few who actually qualify as borrowers) to continue. It is interesting that the “good news” is just that the “bad news” might be waning. Not exactly the most comforting of thoughts, but we will take what we can get at this point!

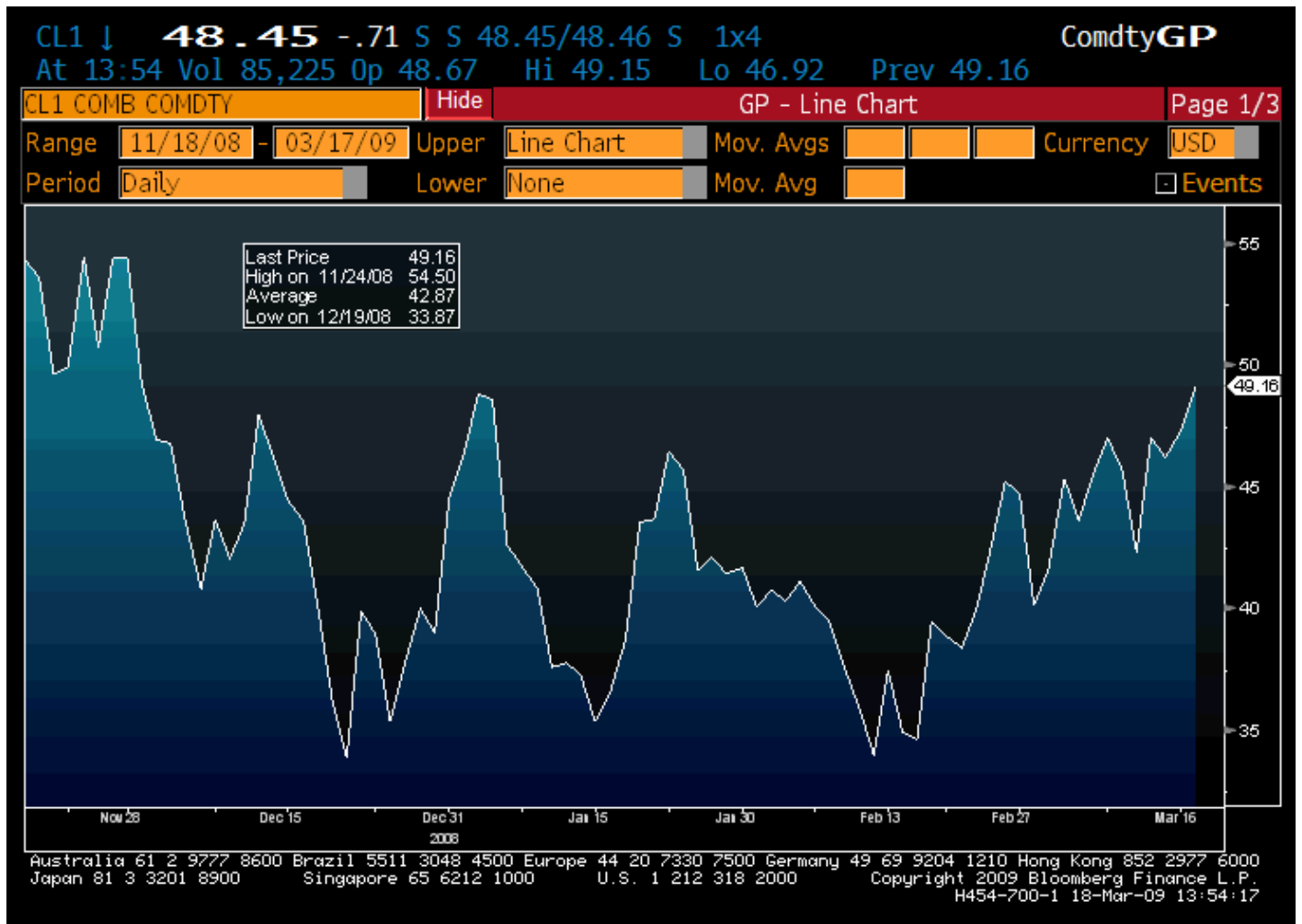
- Cap costs on the rise. After a slow drift downwards in both price and in “implied volatility” (the swings in the market, as measured to predict future swings and help determine options premiums), both have increased of late. Prices are up, and we have seen a significant jump in “vol” over the past 4 trading sessions. Options certainly (and for good reason) remain the preferred method to hedge price protection programs (some fixed-offerers are still sticking to their guns, but those numbers are dwindling – mostly after the horrendous results of the current heating season). Unfortunately, the crazy swings, and anticipation of further craziness (back to \$3.00/gallon, or down to \$.75/gallon??) is keeping the costs high. Once the swings disappear, which may never happen, option premiums might return

to “normal” – whatever that is. Also, on the “technical front”, it is interesting to see that heating oil’s RSI (relative strength) has surpassed 50% for the first time since early January. The over-sold market seems to have brought in some supportive buying. The question is where prices will go from here.

- For those of you who have not bothered to watch ESPN Deportes over the past few nights,

you are missing some great baseball games. Team USA pulled one out last night on a David Wright single in the bottom of the 9th. The atmosphere at these games was best described by my 17 year old son who sent me the following text: *“This is the best game I’ve ever been at. It’s like the World Cup, but a sport I understand”*.

Front Month NYMEX crude oil – past 4 months.



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