

THE ANGUS ENERGY REPORT

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

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Written by Philip J. Baratz, C.T.A.

Today's pricing		HEATING OIL (MAY)	GASOLINE-RBOB (MAY)	NATURAL GAS (MAY)	CRUDE OIL (MAY)
Crude – 1.50	HIGH	1.3900	1.4270	3.828	50.00
lower	LOW	1.3228	1.3595	3.634	47.77
Products – Heat-	SETTLE	1.3679	1.4213	3.776	49.66
450 lower	CHANGE	+.0183	+.0275	+.037	+1.25
Gasoline 500					
lower	14 DAY RSI	52	52	38	51
Natural Gas - .10	5 DAY MA	1.4245	1.4752	3.940	51.51
lower	9 DAY MA	1.4325	1.4817	4.119	52.16
	14 DAY MA	1.3665	1.4467	4.050	50.82

D.O.E. stats... Crude oil stocks rose 2.84 mmbbls. Distillate stocks rose .22 mmbbls. Gasoline stocks rose 2.23 mmbbls. Refinery runs were 81.7% of capacity, down 0.3%. Energy prices (and futures) remain captive to “outside forces”, with little focus on weather or “technical indicators”.

-Equities controlling energy. The wide and wild swings in stock prices continue to drag crude, heating oil and gasoline along with it. While there is logic – if the stock market is forecasting continued economic weakness (unemployment, possible bankruptcies in one or two of the “big three” automakers, illiquid credit markets, etc.), then the demand for all energy products will certainly fall. However, as we saw during most of the month of March, should the stock markets believe that the worst has been factored in, and that we may start to see signs of improvement, then energy demand should start to improve. Those are the reasons that looking at the 10-day forecast for HDD’s is of far less consequence than we may have seen in the past few years.

- Counterintuitive? During the time period from February 12th through last week, spot crude oil futures gained in price 60%!! Even with the weakness since last Thursday’s highs, we are still up 40% from the mid-February lows. If you contrast that with the fact that crude oil inventories are at (high) levels not seen in almost 2 decades, we can understand why traders cannot establish a

NYH Barge (est.)	NYMEX #2 Oil	NYMEX #2 Oil	Jan '10 futures
03/25/09	1.4535	03/25/09	1.6873
03/26/09	1.4688	03/26/09	1.6944
03/27/09	1.4203	03/27/09	1.6465
03/30/09	1.3339	03/30/09	1.5676
03/31/09	1.3351	03/31/09	1.5959

sustainable trend in prices, and why volatility still won't go away.

- Tracking the REAL economy. While the equities continue to swing, and some of the largest financial institutions show record percentage moves, natural gas (physical and futures) continue to show how the economic slowdown is absolutely real, and that the “turnaround” may not really kick in until next winter. The difference in prices between the current levels and the December futures is a full 50%. While a “storage play” is not really in the cards for most natural gas marketers, it does seem to show some optimism in the longer-term view of the markets (and the economy), while keeping with the current realities. Nat gas prices are currently the lowest that we have seen since the spring of 2002.

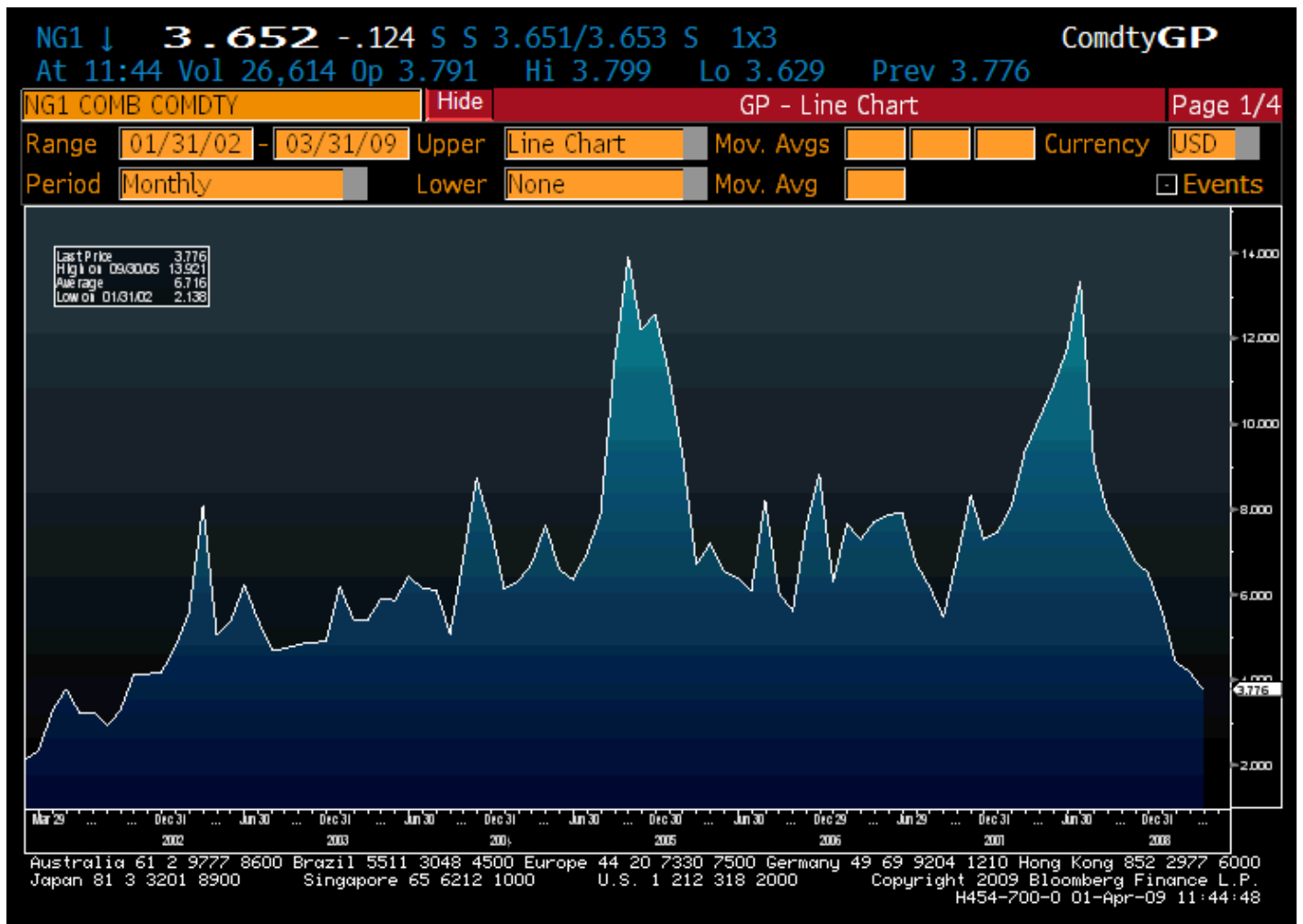
- 'Tis the Season. As the spring hits, pricing programs for next winter begin to be offered. The primary focus usually is (as it should be) to existing customers, and this year will be no different. However, as the effects of this past years' fixed-price offerings, as compared to either a capped offer, or no offer at all, have hit home –

in some cases with devastating impact – look for some aggressive marketing by those companies who are properly poised to do so. This is not a condemnation of fixed-prices – they are fine PROVIDED that customers understand that they need to adhere to their agreements with their dealers. However, as this past season bore witness, customers only seem to like fixed prices when they are paying less than their neighbors. When prices fall, customers seem to hop on the “it’s someone else’s fault” bandwagon, and feel justified on walking away from their contractual obligations. The customers who actually remained loyal, and fulfilled their obligations

might be the primary target of those who are looking to grab those accounts. If you haven’t set yourself up to offer a cap (that will put a ceiling on the cost that you and your customers pay, while allowing for prices to fall when/if the price of oil declines), it might be high time that you do so. The cost to offer a cap (to you and to your customers) is not cheap, but not offering one might end up being much more expensive.

-Opening Day tickets still available. Who would have thought that the economy would be in such a funk that tickets to the first games in 2 stadiums that cost well over a billion dollars would still be available? Either way, **Play Ball!!**

Natural Gas futures – 2002, forward.



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