

# THE ANGUS ENERGY REPORT

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Today's pricing	HEATING OIL (JUL)	GASOLINE-RBOB (JUL)	NATURAL GAS (JUL)	CRUDE OIL (JUL)
<b>Crude – 1.00 higher</b>	HIGH 1.8180	1.9815	3.820	70.69
<b>Products – Heat- 200 higher</b>	LOW 1.7756	1.9343	3.656	68.43
<b>Gasoline – 3000 higher</b>	<b>SETTLE 1.8076</b>	<b>1.9667</b>	<b>3.731</b>	<b>70.01</b>
<b>Natural Gas - .025 lower</b>	CHANGE +.0397	+.0307	Unch	+1.92
	14 DAY RSI 72	75	44	71
	5 DAY MA 1.7736	1.9442	3.781	68.29
	9 DAY MA 1.7501	1.9267	3.896	67.78
	14 DAY MA 1.6853	1.8841	3.843	65.76

**D.O.E. stats....** Crude oil stocks fell 4.38 mmbbls. Distillate stocks fell .32 mmbbls. Gasoline stocks fell 1.55 mmbbls. Refinery runs were 85.8% of capacity, down .41%. The numbers were, much as in the immediate aftermath of last night's API release, deemed to be supportive/bullish, and prices rallied to new highs (crude to \$71.79/bbl., Heating oil to 1.8482/gal., and gasoline to \$2.0075/gallon).

However, the market "looks" a little tired, and prices – while higher – are struggling to show that the recent rally wants to continue this morning. Of course, we still have over 3 hours to go, so anything can happen.

**-Getting ready for the summer?** Gasoline futures, which were as low as \$1.0250/gallon in late February, are now trading right about \$2.00/gallon, reflecting the majority of the \$1.00/gallon increase at the pumps that we have seen over the past few months. Short memories being what they are, and with the "scars" of last summer's prices still not quite faded, there has been very little in the way of an uproar as pump prices have approached \$2.50-\$2.75/gallon. A common refrain is, "at least it's not over \$4.00, like last year". Inventory builds (in gasoline and distillates) were thought to be "natural ceilings" to price moves higher, but as/if the economy truly shows signs of improvement, increased demand will not be far behind – and the recent rally in prices is using that "logic" to explain the recent surge in prices (all without any noticeable increase in demand).

**-Heating oil prices have now moved** to their highest levels since early November ('08), when the market was still in the midst of its steep decline. Fortunately, even with the fact that we are about 70 cents/gallon

NYH Barge (est.)	NYMEX #2 Oil	NYMEX #2 Oil	Jan '10 futures
06/03/09	1.6974	06/03/09 1.7384	06/03/09 1.9352
06/04/09	1.7403	06/04/09 1.7840	06/04/09 1.9808
06/05/09	1.7351	06/05/09 1.7701	06/05/09 1.9752
06/08/09	1.7329	06/08/09 1.7679	06/08/09 1.9785
06/09/09	1.7726	06/09/09 1.8076	06/09/09 2.0114

higher than the lowest levels that we saw (February), we are still about \$2.30/gallon lower than the peak levels that (spot) heating oil saw last July. Futures prices (next winter) are mostly above \$2.00/gallon, but that, too, is WELL under where we were last year at this time. While there is some "here we go again" rumbling, the list of items that caused the markets to scream upwards (conspiracy theorists, aside) has definitely changed. However, one thing that has definitely started to mimic last year is that the US Dollar has (after a very nice rally from last July through the winter – mirroring the fall in oil prices) started to weaken again, and with it we are seeing rising oil prices. Coincidence? Probably not. But, also likely not the ONLY reason for the strength in energy prices – see: improving economy, tensions with North Korea and Iran, as examples of "other things".

**-Crude oil gaining center stage.** After moving "all the way down" into the \$30's per barrel, crude has taken out (rallied above) \$40, \$50, \$60, and now \$70/bbl. with the spot futures contracts. Forward prices trade above \$80/bbl, but not until the summer of 2011 (in 2 years). All of this will swing and sway as inventory, demand, and economic reports are released, but as it pertains to the needs of an oil dealer pricing to

their customers, the swings that we have witnessed are hitting home as to the NEED to get price offerings out, and the NEED to be very wary of making fixed-price offers.

**- What do they know?** While all of the excitement and strength in oil prices has been happening over the past couple of months, natural gas (spot and futures) have languished in a fairly tight trading range, without much of the “hey, look, the economy is improving” euphoria. Although natural gas futures prices for next winter are well above current levels, they are only about \$.50/dkt. higher than their lows for the year (up

about 10%). Natural gas is not AS impacted by the value of the U.S. Dollar, but if there were true expectations for a robust rebound; one would think that the “strength” would be apparent in that market, as well. Some are recommending (we are NOT, as we do NOT EVER recommend speculative trading) a long nat gas / short crude oil trading strategy, but that is for pure speculators. Not for hedging needs.

**-NBA Finals, Game 3.** NHL Finals, Game 6. Mets-Phillies. Yankees-Red Sox. All last night! The reason to work hard is so you can have a room with multiple TV sets in it, to catch all of the games!

Spot gasoline futures



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