

THE ANGUS ENERGY REPORT

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November 18, 2009
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Post-report pricing	HEATING OIL (DEC)	GASOLINE-RBOB (DEC)	NATURAL GAS (DEC)	CRUDE OIL (DEC)
Crude - .75 higher	HIGH 2.0696	2.0220	4.734	79.73
Products – Heat- 150 higher	LOW 2.0192	1.9685	4.511	78.14
Gasoline – 250 higher	SETTLE 2.0585	2.0049	4.530	79.14
Natural Gas - .25 lower	CHANGE +.0265	+.0181	-.084	.24
	14 DAY RSI 54	57	38	55
	5 DAY MA 2.0207	1.9768	4.482	78.12
	9 DAY MA 2.0311	1.9843	4.547	78.46
	14 DAY MA 2.0409	2.0038	4.679	78.65

D.O.E. stats.... Crude oil stocks fell .89 mmbbls. Distillate stocks fell .33 mmbbls. Gasoline stocks fell 1.76 mmbbls. Refinery runs were 79.4% of capacity, down .49%. The API's showed a decline, as might be expected in the wake of Tropical Storm Ida, but they are actually reporting an INCREASE in imports? So, there seems to be some residual impact from last weeks' storm, but traders still seem

to be fixated on watching crude oil maintain a range with support at around \$76/bbl., and resistance at around \$80/bbl. Today's inventory report isn't showing enough to move far away from that range – although we are now moving up towards the higher-end, having traded above \$80/bbl. earlier this morning.

Real strength? The big rally that we saw on Monday (with crude gaining about \$2.50/bbl., and heating oil gaining about 6 cents/gallon) was pinned to “strength in commodities”, with gold prices climbing to record highs (currently about \$1,150/ounce), and on the weakening U.S. Dollar. However, the “dollar indicator” failed to work yesterday, as oil prices moved higher despite some strength in the Dollar. There is no doubt about the linkage (inverse relationship) between oil prices and the value of the U.S. Dollar, but using it without regard to other factors will leave many scratching their heads.

-Chinese impact? There was a failure to come to an agreement over the weekend to have the Chinese government “manage” the value of their currency in a way that some (in particular, President Obama) would deem preferable. The widening of the recent trade deficit, despite the weak dollar is indicating to some

NYH Barge (est.)	NYMEX #2 Oil	NYMEX #2 Oil	Jan '11 futures
11/17/09	2.0210	11/17/09	2.0585
11/16/09	1.9995	11/16/09	2.0320
11/13/09	1.9349	11/13/09	1.9661
11/12/09	1.9598	11/12/09	1.9910
11/11/09	2.0208	11/11/09	2.0558

that further weakness might be ahead of us, while the Euro hovers right near \$1.50.

-Will the OPEC gathering matter? With robust inventories of oil, you would think that OPEC might – perhaps for P.R. purposes, alone – consider changing production quotas (not that they are necessarily adhered to). However, with robust inventories, and a history of mismanaging announcements of changes in production quotas, OPEC's President is saying that it is too early to consider changes as the December 22nd meeting approaches.

-Really? Iran, while claiming that they will “continue” to work within the U.N. framework for nuclear compliance, is also said to be (per the IAEA) not in compliance, and their President has stated that their nuclear “rights” were not negotiable.

-Will prices fall? Although we are quite early in the season, we have full storage inventories, warmer than normal weather, and an economy that is recovering at a very slow pace. It's hard to picture a better recipe for dropping oil prices. So, what is to be learned from this must be that despite all the “logic” in the world, if you plan to make a living as an oil retailer who guesses where prices are going, the odds might be more stacked against you than you think. Do you lose

customers because you give them predictability, as opposed to hopping in and out of programs? That is a constant theme that we are hearing from our most profitable clients.

-Only two weeks to go – if you are in the area. Tomorrow, we are presenting in Pennsylvania, and in

two weeks, we will – with Ren Re Advisory Services - be putting on a 4-hour seminar on Hedging, Finance and Banking, in the Hudson Valley. For more information, please contact Danny Silverman at dsilverman@angusenergy.com.

-I would have gone for it on 4th down also!

NYMEX gold futures



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