

THE ANGUS ENERGY REPORT

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Post-report pricing		HEATING OIL (FEB)	GASOLINE-RBOB (FEB)	NATURAL GAS (FEB)	CRUDE OIL (FEB)
Crude – .50 higher Products – Heat- 125 higher Gasoline – 200 higher Natural Gas - .05 lower	HIGH	2.1364	2.0580	6.038	79.39
	LOW	2.0931	2.0200	5.823	78.02
	SETTLE	2.1166	2.0290	5.840	78.87
	CHANGE	.0235	-.0081	-.156	.10
	14 DAY RSI	63	59	59	60
	5 DAY MA	2.0538	1.9952	5.838	77.35
	9 DAY MA	2.0191	1.9517	5.783	75.93
14 DAY MA	1.9876	1.9217	5.612	74.62	

D.O.E. stats.... Crude oil stocks fell 1.54 mmbbls. Distillate stocks fell 2.06 mmbbls. Gasoline stocks fell .37 mmbbls. Refinery runs were 80.3% of capacity, up 0.23%. The market is having a muted reaction to this weeks' report, as most trading desks are enjoying a very quiet holiday week. Without any major economic or political events this week, the focus has been primarily on Crude oil's move up towards \$80/bbl., and the strength in the heating fuels.

- Crude's next move? After finding support down at around the \$70.00/bbl., level in the middle of the month, crude oil prices have moved up almost \$10/bbl (spot) and we are seeing most of the future months' prices over \$80/bbl. With the thin trading, it is hard to tell if this is a "real" rally, or just a run-up in prices to close out the year. We should have a better idea once the calendar turns.

- Heating oil's strength, on the other hand, seems to have some fundamental logic to it. Although more and more have become believers that sustained cold weather patterns only happened in "the Old Days", we are enjoying strong demand, and good forecasts. The

NYH Barge (est.)		NYMEX #2 Oil		NYMEX #2 Oil	Jan '11 futures
12/23/09	1.9993	12/23/09	2.0118	12/23/09	2.2188
12/24/09	2.0033	12/24/09	2.0356	12/24/09	2.2423
12/28/09	2.0668	12/28/09	2.0735	12/28/09	2.2719
12/29/09	2.0991	12/29/09	2.1028	12/29/09	2.2904

downside to the pick-up in the HDD's has been in the increase in heating oil prices (as well as in natural gas, propane, electricity and coal). Spot (Barge) heating oil prices are at their highest levels of the year this morning, and have jumped about \$.25/gallon in the past two weeks. Not great news for cash-flows, but great news for volumes. Not that you have to be told, but when the weather gets cold like this, people get a little less price sensitive – they just "want to stay warm". Bear that in mind when you are getting too nervous about price increases (unless sold as fixed or at max for the cap offerings).

- As one of my favorite clients (and good friend) would say – IF he were a Jets fan... "there's always room on the bandwagon" – at least until Sunday night ☺.

