

THE ANGUS ENERGY REPORT

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January 13, 2010
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| Post-report pricing | | HEATING OIL (FEB) | GASOLINE-RBOB (FEB) | NATURAL GAS (FEB) | CRUDE OIL (FEB) |
|--------------------------|------------|----------------------|------------------------|----------------------|--------------------|
| Crude – .50 lower | HIGH | 2.1753 | 2.1460 | 5.605 | 82.34 |
| Products – | LOW | 2.1074 | 2.0661 | 5.354 | 79.91 |
| Heat- 300 lower | SETTLE | 2.1318 | 2.0978 | 5.591 | 80.79 |
| Gasoline – 300 lower | CHANGE | -.0483 | -.0449 | .137 | -1.73 |
| Natural Gas - .15 higher | 14 DAY RSI | 56 | 59 | 50 | 58 |
| | 5 DAY MA | 2.1798 | 2.1335 | 5.722 | 82.38 |
| | 9 DAY MA | 2.1688 | 2.1118 | 5.712 | 81.54 |
| | 14 DAY MA | 2.1277 | 2.0702 | 5.757 | 80.04 |

D.O.E. stats.... Crude oil stocks rose 3.70 mmbbls. Distillate stocks rose 1.35 mmbbls. Gasoline stocks rose 3.79 mmbbls. Refinery runs were 81.3% of capacity, up 1.4%. The reaction to last night's API numbers, and this morning's report, was a quick sell-off in oil, but although we are still lower, some of the strong selling has certainly (as of late-morning) subsided.

- If you are wondering how supplies could have increased across the board with the recent strong demand (how much oil was really secretly sitting off the coast in tankers two weeks ago?!?), you are not alone. However, considering the run-up in prices that we have seen over the past few weeks (with the cold weather), seeing moderating prices is certainly a very welcome sight. Now it is just a matter of the willingness/ability to keep prices up to grab either extra (or make up for some missing) profit margins.

- For technical traders who have been wondering how long energy prices could remain flirting with "overbought" (per RSI) conditions, while ample storage and supplies were available, you now have your answer/vindication. Although the RSI's are still fairly strong, they are much closer to "neutral". It might be interesting to note that after

| NYH Barge (est.) | NYMEX #2 Oil | NYMEX #2 Oil | Jan '11 futures | | |
|---------------------|-----------------|-----------------|--------------------|---------|--------|
| 1/06/09 | 2.1920 | 1/06/09 | 2.2032 | 1/06/09 | 2.3737 |
| 1/07/09 | 2.1724 | 1/07/09 | 2.1836 | 1/07/09 | 2.3584 |
| 1/08/10 | 2.1866 | 1/08/10 | 2.2003 | 1/08/10 | 2.3629 |
| 1/11/10 | 2.1714 | 1/11/10 | 2.1801 | 1/11/10 | 2.3563 |
| 1/12/10 | 2.1193 | 1/12/10 | 2.1318 | 1/12/10 | 2.3075 |

11 days of seeing heating oil prices above the 5-, 9-, and 14-day moving averages, that once prices fell below the MA's on Monday, heating oil prices have followed suit lower, and are now below all three moving averages. All of this analysis is good, UNLESS there is some fundamental change in the supply/demand picture – which DOES often happen in the middle of the winter!

- Steady as she goes? Although some of the frigid temperatures that were experienced over the past 10 days are not in the upcoming forecast, we still are seeing seasonable predictions, with very little indication of a real warming trend. If we are lucky enough to keep the HDD's up, and see prices back away from last week's highs, January might be a great month to kick off the new year with strong profit margins.

- "One and Done"? We'll find out Sunday afternoon!