

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- 50 higher Gasoline – 100 higher Natural Gas - .25 higher	HIGH	2.2060	2.1315	5.858	82.00
	LOW	2.1678	2.1004	5.615	80.95
	SETTLE	2.1941	2.1250	5.637	81.77
	CHANGE	.0036	.0206	-.247	.26
	14 DAY RSI	71	68	53	68
	5 DAY MA	2.1474	2.0736	5.728	80.16
	9 DAY MA	2.0988	2.0350	5.777	78.74
	14 DAY MA	2.0514	1.9839	5.745	77.00

D.O.E. stats.... Crude oil stocks rose 1.33 mmbbls. Distillate stocks fell .23 mmbbls. Gasoline stocks rose 3.74 mmbbls. Refinery runs were 79.9% of capacity, down 0.41%. Reports during the last week or two of the calendar year, and the first week or two of the new calendar year are usually a little suspect, and this week's report doesn't change that. Can a slight drop in refinery activity, coupled with the coldest weather of the year REALLY result in an inventory report that doesn't show a draw in inventories? Also, as "proof" that the inventory reports needs to be taken with a grain of salt is the fact that prompt (cash – NYH) prices have reached parity with NYMEX front-month futures for the first time this heating season. End-of-year tax-planning is usually blamed for the "unusual" inventory movements.

-Weather remains at center-stage. After the miserable November was met with a slow-starting December, we have seen a nice cold trend over the past month, and are looking at colder than normal temperatures in most of the Northeast for the next 10 days, before returning (per

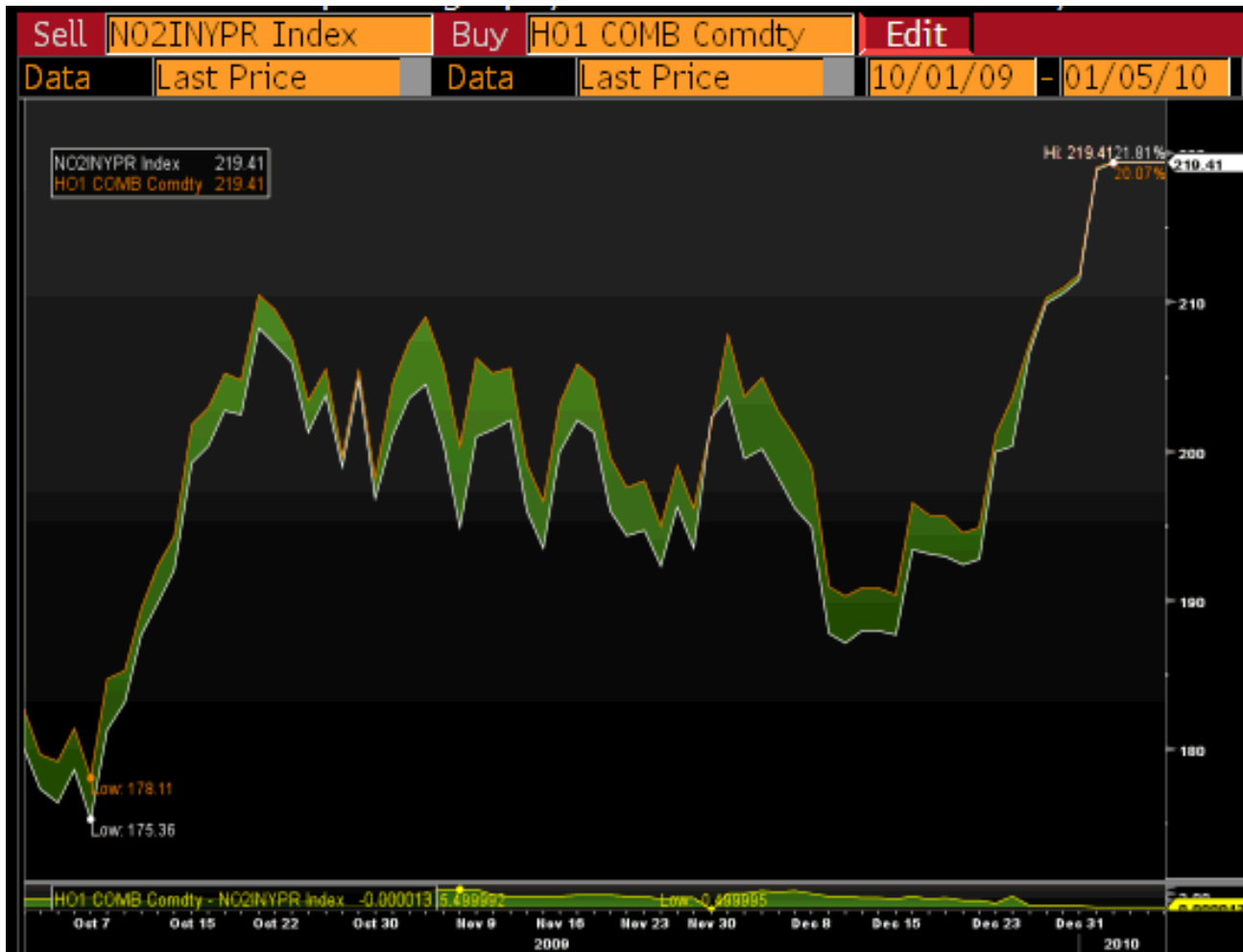
NYH Barge (est.)	NYMEX #2 Oil	NYMEX #2 Oil	Jan '11 futures		
12/30/09	2.1056	12/30/09	2.1093	12/30/09	2.2949
12/31/09	2.1151	12/31/09	2.1188	12/31/09	2.2880
1/4/10	2.1893	1/4/10	2.1905	1/4/10	2.3393
1/5/10	2.1941	1/5/10	2.1941	1/5/10	2.3487

latest forecast) to "normal" to start the second half of the month.

-The first few days of 2010 have been met with favorable financial news, and that is lending support to the thinking that demand might continue to be on the rebound. Coupling the optimism over improving economic conditions domestically, there are reports of growth in China starting to get back on the fast track, and the incessant issues over Iran and their nuclear ambitions and political unrest. All of these factors have brought crude oil up to the point where we have seen trades over \$83/bbl this morning – the highest levels since October, 2009. Supplies are still quite robust, so it would not be out of the question to see a correction on some "moderate" news, but that news hasn't shown up in the last few weeks.

- Myth or Reality? We'll find out late Saturday afternoon!!

Spread between the "spot" NYH cost of heating oil, and the NYMEX front month heating oil futures contract.



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