THE ANGUS ENERGY REPORT

http://www.angusenergy.com
e-mail pbaratz@angusenergy.com

February 24, 2010

Written by Philip J. Baratz, C.T.A.

Post Inventory prices		HEATING OIL (MAR)	GASOLINE-RBOB (MAR)	NATURAL GAS (MAR)	CRUDE OIL (APR)
Crude – 1.00 higher	HIGH	2.0800	2.1191	4.934	80.39
Products –	LOW	2.0217	2.0612	4.766	78.22
Heat- 150 higher	**SETTLE**	**2.0323**	**2.0656**	**4.778**	**78.86**
Gasoline – 200 higher	CHANGE	*-.0465*	*-.0502*	*-.117*	*-1.45*
Natural Gas - .05 higher					
	14 DAY RSI	53	57	33	55
	5 DAY MA	2.0479	2.0687	5.055	79.28
	9 DAY MA	2.0072	2.0140	5.193	77.66
	14 DAY MA	1.9798	1.9873	5.270	76.28

NYH Barge (est.)		NYMEX #2 Oil		NYMEX #2 Oil	Jan '11 futures
2/17/10	1.9922	2/17/10	2.0067	2/17/10	2.1949
2/18/10	2.0379	2/18/10	2.0516	2/18/10	2.2343
2/19//10	2.0562	2/19//10	2.0699	2/19//10	2.2416
2/22/10	2.0658	2/22/10	2.0788	2/22/10	2.2529
2/23/100	2.0186	2/23/100	2.0323	2/23/100	2.2157

D.O.E. stats…. Crude stocks rose 2.32 mmbls., Distillate stocks fell .95 mmbls., gasoline stocks fell 1.31 mmbls. Refinery operations were at 77.7% of capacity, down 0.75%. Prices are up since the release of the report, but it isn't clear whether the report was truly supporting, or it is just a matter of bouncing back up after yesterday's price decline (primarily on weak consumer-confidence numbers & the Eurodollar temporarily falling below 1.35:1.00, compared to the U.S. Dollar). $80/bbl SEEMS like an important number to traders, and we will need to watch to see if April futures can close above that level.

- Crude oil – rally, or just range-bound? After seeing the March futures contract fall towards $70/bbl. (actually settling below $72/bbl) just two weeks ago, that contract expired on Monday at prices over $80/bbl. Heating oil saw similar movement over the past two weeks, first falling to $1.87/gallon, before rallying to about $2.10/gallon on Monday (before falling a nickel yesterday). There is not much out there that seems capable of taking prices to well below $70/bbl., or much above $80/bbl. Our economy keeps showing signs that it is looking to recover, but most of those signs seem to be that things are not getting worse, as opposed to clear signs of improvement.

-Even with the recent rally – interrupted yesterday, but without follow-through selling today – those who regularly use options to hedge their price risk have been able to take advantage of the "trading range" that we have seen over the past 6 weeks. As we stay somewhat stuck, and without any major changes in supply/demand fundamentals, the "vol's" (the implied volatility – or the anticipated swings of prices) have fallen, and option premiums have fallen. By no means is it inexpensive to purchase options, but we are definitely seeing improvement on the cost front.

- With an OPEC meeting coming up, the current status of production outweighing demand might come up for discussion. Even with prices remaining supported on the notion that demand is COMING (and the high prices "helping" OPEC to keep with their current "over"-production), the meeting just might not be the "slam-dunk rollover" that most are expecting. Although it would be, in the long-run, very counterproductive to see the cartel cut production, crazier things have happened.

- Pitcher and catchers reporting in Florida and Arizona. Even the dank, ugly weather in the Northeast (and the latest expectations of heavy snowfall) seems a little brighter when you hear that term!