

THE ANGUS ENERGY REPORT

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

February 3, 2010
Written by Philip J. Baratz, C.T.A.

Post Inventory prices		HEATING OIL (MAR)	GASOLINE-RBOB (MAR)	NATURAL GAS (MAR)	CRUDE OIL (MAR)
Crude – .25 higher Products – Heat- 100 higher Gasoline – 300 higher Natural Gas - .05 higher	HIGH	2.0376	2.0250	5.538	77.41
	LOW	1.9523	1.9316	5.378	74.40
	SETTLE	2.0317	2.0179	5.454	77.23
	CHANGE	.0768	.0858	.02	2.8
	14 DAY RSI	50	51	49	50
	5 DAY MA	1.9511	1.9476	5.276	74.37
	9 DAY MA	1.9603	1.9656	5.421	74.72
	14 DAY MA	1.9993	2.0030	5.481	76.27

D.O.E. stats.... Crude stocks rose 2.32 mmbbls., Distillate stocks fell .95 mmbbls., gasoline stocks fell 1.31 mmbbls. Refinery operations were at 77.7% of capacity, down 0.75%. After the strong rallies of the last two days, there was expectation that anything short of a very bullish report would see prices retreat with some profit-taking. The report is NOT bullish, but prices are – thus far, today – holding their own, not showing much movement either higher or lower.

- After crude oil prices fell towards \$72/bbl on Monday (March contract), down over \$11/bbl from the highs just a few weeks earlier (January 6th), all the talk was that the economic downturn was returning, the U.S. Dollar would continue to strengthen, and that we would shortly be seeing crude oil well down in the \$60's per barrel, maybe heading down towards the \$50's. A short 48 hours later – without much changing, at all, in the oil world, March futures hit \$78/bbl this morning, after staging a sharp two-day rally. Heating oil futures gained about 12-cents per gallon since Friday's close, and the stock markets (Monday and Tuesday) rose from the brink of a very sharp sell-off. All of this can turn back around very quickly,

NYH Barge (est.)	NYMEX #2 Oil		NYMEX #2 Oil		Jan '11 futures
1/27/10	1.9081	1/27/10	1.9168	1/27/10	2.1162
1/28/10	1.9129	1/28/10	1.9191	1/28/10	2.1155
1/29/10	1.8992	1/29/10	1.9029	1/29/10	2.0980
2/1/10	1.9437	2/1/10	1.9549	2/1/10	2.1364
2/2/10	2.0205	2/2/10	2.0317	2/2/10	2.2084

but does go to clarify that any notion that uncertainty of price direction is a thing of the past is well off base.

- Technical support. In times that markets lack real fundamental reasons to move – in our case (heating oil), after a very mild start to the winter, followed by several weeks of colder than normal temps, the forecast has reverted back to “normal” or “seasonal” – technical trading factors – support, resistance, stochastics, trend-lines, etc. – have moved to the forefront of traders views. After not having enough out there to push prices even lower, some of the longer-term support levels kicked in early in the week, and started taking prices higher. The big move on Monday was followed by a bigger move yesterday. So, now, the “technical” have held support, and we can see how the traders view this action – while awaiting more fundamental (supply, demand, dollar, economy, weather) information.

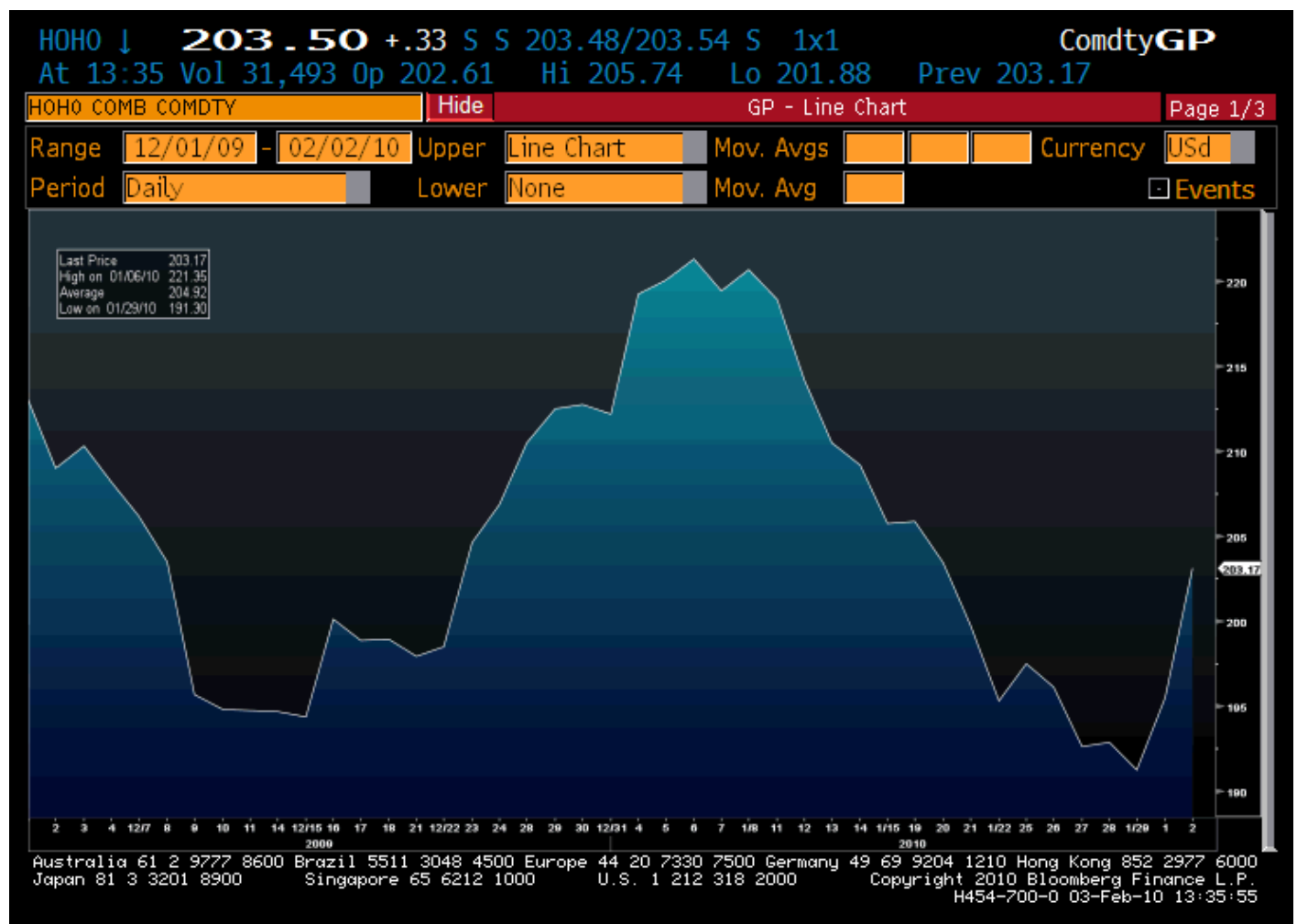
- OPEC changes? We are now about 6 weeks away from the next scheduled meeting of the oil cartel, and according to their Secretary-General, al-Badri, it is unlikely that the group will be making any changes to their production quotas, unless there is a major shift in pricing over the next month.

- Buying for next winter. Over the course of the month of January, we saw – along with the decline in prices – a decline in the

options premiums for the next year (and for next winters’ programs). The pop up in prices is not impacting the “Feb Best Buys”, as those premiums are locked in for the month, but it is too early to tell whether there will be an impact for the March time period – hopefully a small one, if one at all.

- Denial? If you look close enough Sunday night, you might see a lonely Jets jersey mixed in with all of the Indy and N’awlins colors.

Heating oil (March ’10) futures – since December 1, 2009



If you have received this message in error or would like to be removed from receiving future faxes / emails please send your request via email to opt-out@angusenergy.com or by fax to 212-937-1914. Please include the email / fax number to be removed to ensure successful removal.