

THE ANGUS ENERGY REPORT

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Post Inventory prices		HEATING OIL (MAY)	GASOLINE-RBOB (MAY)	NATURAL GAS (MAY)	CRUDE OIL (MAY)
Crude – .75 lower	HIGH	2.2822	2.3560	4.334	87.09
Products –	LOW	2.2571	2.3335	4.066	86.13
Heat- 200 lower	SETTLE	2.2683	2.3483	4.096	86.84
Gasoline – 300 lower	CHANGE	.0008	-.0019	-.181	.22
Natural Gas - .05 lower	14 DAY RSI	71	64	40	69
	5 DAY MA	2.2126	2.3203	4.060	84.89
	9 DAY MA	2.1599	2.2795	4.037	83.09
	14 DAY MA	2.1446	2.2783	4.101	82.71

D.O.E. stats.... Crude stocks rose 1.98 mmbbls., Distillate stocks rose 1.07 mmbbls., gasoline stocks fell 2.50 mmbbls. Refinery operations were at 84.5% of capacity, up 1.89%. Prices moved lower after the release of the inventory data, but with the recent unabated bullishness in oil prices, traders were able to bring prices back to just about “unchanged”, before retreating again towards the close of trading. Heating oil just couldn’t find a reason to rally during an early April afternoon with temperatures in New York hitting 90-degrees.

- Double-whammy. The combination of one of the warmest March’s in recent memory coupled with (yet) another rally in oil prices had oil dealers paying more per gallon for their oil and selling (much) less of it in March, putting a squeeze on profit margins. Those with swaps or call options (unintentionally) benefitted from the rise in prices, but those paper gains were well outweighed by the lower delivery volumes. The current forecast for April, a “winter shoulder month”, is for HDD’s to be well below normal. Not that it will be of much help to start now for this season, but

NYH Barge (est.)		NYMEX #2 Oil		NYMEX #2 Oil	Jan ‘11 futures
3/31/10	2.1678	3/31/10	2.1646	3/31/10	2.3249
4/1/10	2.2067	4/1/10	2.2167	4/1/10	2.3685
4/5/10	2.2488	4/5/10	2.2675	4/5/10	2.4189
4/6/10	2.2368	4/6/10	2.2683	4/6/10	2.4289

protecting against declines in deliveries due to warm weather can often be as important as protecting price-protection programs.

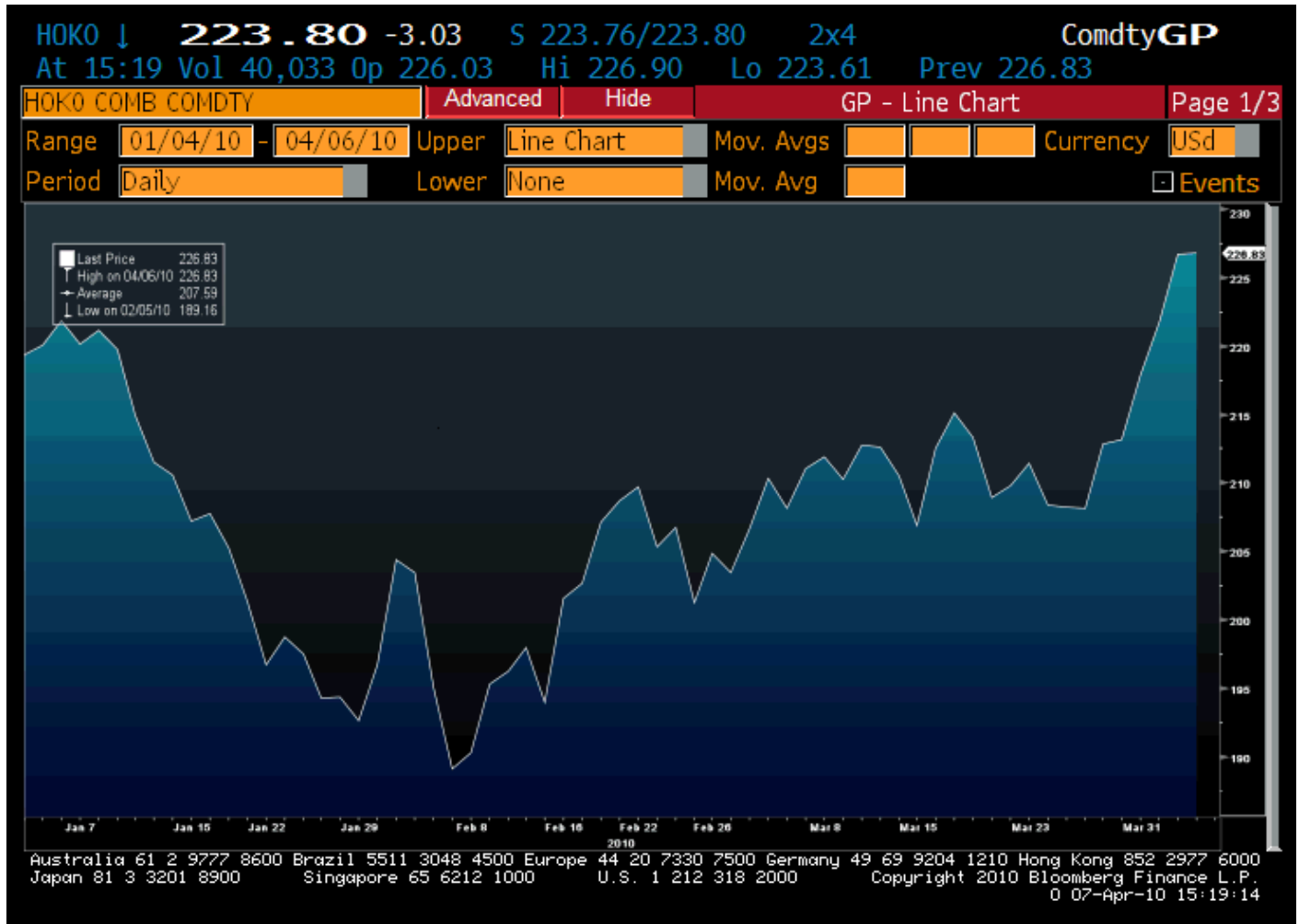
- Nat gas didn’t get the memo? Part of the “logic” (very poor word, as there really doesn’t seem to be any) of the recent move higher in crude oil and oil products has been that the signs of an improving economy are more firmly visible – note the strength in the equities markets. Well, if all of that is true, we should expect to see natural gas – unfortunately a commodity that is growing in demand relative to distillate fuels – move to higher price levels, as well. However, since oil bottomed (so far for 2010) in early February, while noting an increase of \$15/bbl. in crude oil and \$.35/gallon in heating oil, natural gas prices have fallen sharply - \$1.35/dkt. Do those analysts and traders know something about the economy’s future that oil analysts and traders don’t?

- How's your program looking? Many of our clients are in their 2nd or 3rd (though a number did start in January) of layering on positions for their pricing programs for next winter (actually for the full 12-months, depending upon when their "year" starts). If you have been too busy to start planning for next winter, the last thing you

want to do is panic, and rush out with a program that has not been completely thought through, or (worse) not completely hedged. Let us know if you need any help with the set-up, and we will be happy to step you through the process.

- 1-0. Good way to start things!!

Chart of the May 2010 heating oil futures contract.



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