

# THE ANGUS ENERGY REPORT

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| Intra-day prices   |            | HEATING OIL<br>(JULY) | GASOLINE-RBOB<br>(JULY) | NATURAL GAS<br>(JULY) | CRUDE OIL<br>(JULY) |
|--|------------|-----------------------|-------------------------|-----------------------|---------------------|
| <b>Crude – .40 higher</b><br><b>Products –</b><br><b>Heat- 150 higher</b><br><b>Gasoline – 250</b><br><b>higher</b><br><b>Natural Gas - .18</b><br><b>higher</b> | HIGH       | 2.0239                | 2.0492                  | 4.440                 | 73.93               |
|  | LOW        | 1.9521                | 1.9668                  | 4.217                 | 71.68               |
|  | SETTLE     | <b>2.0059</b>         | <b>2.0261</b>           | <b>4.424</b>          | <b>72.86</b>        |
|  | CHANGE     | .0355                 | .0436                   | .176                  | .28                 |
|  | 14 DAY RSI | 44                    | 42                      | 56                    | 39                  |
|  | 5 DAY MA   | 1.9846                | 2.0071                  | 4.297                 | 73.09               |
|  | 9 DAY MA   | 1.9498                | 1.9804                  | 4.218                 | 71.70               |
|  | 14 DAY MA  | 1.9795                | 2.0171                  | 4.285                 | 72.72               |

**D.O.E. stats....** Crude stocks rose 2.46 mmbbls. Distillate stocks fell .27 mmbbls., Gasoline stocks fell .20 mmbbls. Refinery operations were at 87.8% of capacity, down .10%. The inventory reports are not really having an impact on prices this morning, as traders are watching the most recent “usual suspects” – the dollar, foreign debt, the equity markets, etc. Basically, everything BUT actual inventories. Not surprising to note, but interesting, nonetheless.

**-Is the “overdone” done with?** Over the month of May, we saw the “flight to quality” for those who were buying dollars and selling foreign (especially European) currencies & debt. That culminated last week, as we saw the move from “de-risking” (moving away from commodities and equities, in general) turn into some outright panic selling. Since last Tuesday, heating oil prices have moved up by about 13 cents/gallon, but less so on bullish news than on a possible “no mas” from those who were busy trying to push prices (of everything) lower. The strong bounce in stock prices yesterday has traders – equity and commodity – pausing to see if they can accurately gauge the next movement. With the extreme volatility in the marketplace, and the utter disconnect between the true supply/demand fundamentals, the best bet for

| NYH Barge<br>(est.) | 2.0533 | NYMEX<br>#2 Oil | NYMEX<br>#2 Oil | Jan '11<br>futures |        |
|---------------------|--------|-----------------|-----------------|--------------------|--------|
| 5/27/10             | 1.9957 | 5/27/10         | 1.9994          | 5/27/10            | 2.1571 |
| 5/28/10             | 2.0020 | 5/28/10         | 1.9802          | 5/28/10            | 2.1235 |
| 6/1/10              | 1.9592 | 6/1/10          | 1.9704          | 6/1/10             | 2.1511 |
| 6/2/10              | 1.9947 | 6/2/10          | 2.0059          | 6/2/10             | 2.1500 |

a true hedger is to keep his or her eye on managing program needs – coverage versus sales. Trying to successfully predict a trend – or the continuing of a trend – has never been the route to success for oil dealers, but bank “workout groups” are active with dealers whose lack of prognostication ability has gotten them there!

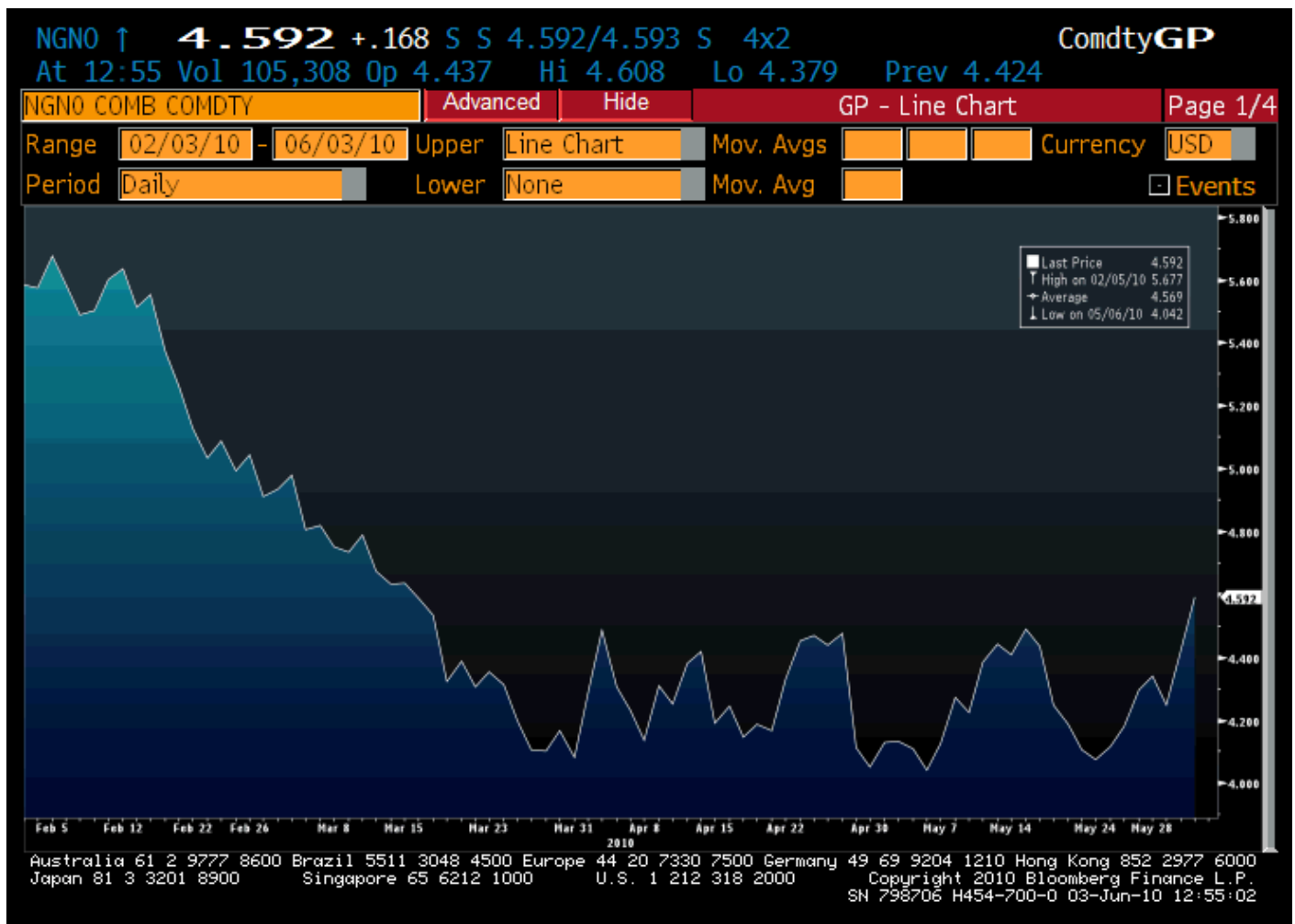
**-Dollar still the place to be?** Even with the “bounce” in commodity prices, the Euro continues to languish versus the dollar. If you buy into the theory that there is a strong inverse relationship between the Dollar and oil prices, all we can hope for is that there is not a strong rebound for the Euro over this coming month or two. We already witnessed the havoc that a plummeting dollar can cause to oil prices two summers ago, and that is the single LAST THING we want to go through again.

**-If there is good news** that we saw over the past season, it was that even with oil prices swinging from \$1.50/gallon last summer to as high as \$2.35 in the spring, the price movements paled in comparison to the most recent years, and the clamoring from

customers is uncommonly quiet. Rest assured that as soon as the “next big move” happens, the phones will start ringing off the hook, and the “low-ballers” will start coming out with their programs. For now, enjoy the (relative quiet), but don’t be lulled into a false sense of security in believing that customers won’t be looking for “something better”, if your program (or lack thereof) doesn’t work when prices start to gyrate.

**-Slowly and quietly,** natural gas futures seem to have decided that the under-side of \$4.00/dkt. is not where they should be heading. After reaching down to as low as \$4.04/dkt., less than a month ago (May 6<sup>th</sup>), July nat gas futures are now about \$4.60/dkt. Well away from the '10 highs of \$5.57/dkt, but hopefully moving in the direction to take some of the pressure away from heating oil.  
**-What was with that “safe” call at 1<sup>st</sup> base???**

### July natural gas futures



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