

THE ANGUS ENERGY REPORT

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Early prices		HEATING OIL (AUG)	GASOLINE-RBOB (AUG)	NATURAL GAS (AUG)	CRUDE OIL (AUG)
Crude – 1.25 lower	HIGH	2.0635	2.0794	4.637	76.83
Products –	LOW	1.9913	2.0178	4.477	74.39
Heat- 350 lower	SETTLE	2.0143	2.0604	4.616	75.63
Gasoline – 300 lower	CHANGE	-.0355	-.0047	.068	-.31
Natural Gas - .05 higher	14 DAY RSI	42	46	46	45
	5 DAY MA	2.0786	2.1006	4.720	77.04
	9 DAY MA	2.1017	2.1094	4.800	77.36
	14 DAY MA	2.0973	2.1076	4.899	77.32

D.O.E. stats.... Crude stocks rose 2.02 mmbbls. Distillate stocks rose 2.46 mmbbls., Gasoline stocks rose .54 mmbbls. Refinery operations were at 88.4% of capacity, down 1.00%. Yes, ladies and gentlemen, we are back to a time of the year (which seems to be more the rule than the exception) when inventory reports don't really impact energy prices, as much as seemingly external items do.

- The weakness that we have seen over the past few days – continuing with today's first day of the month weakness – has mimicked the weakness in the stock markets. The stock markets have mimicked the ebbs and flows of the forecasted global economic recovery likelihood, and that has followed lock-step with views of the world's debt positions. So, weak Greek bonds have helped to lead heating oil prices lower this past week!! The one big disconnect today is that we are seeing a sharp decrease in the value of the US Dollar on a day when oil prices are moving lower. That is the exact opposite of the correlation that we have gotten used to. Explain to me, again, why some oil

NYH Barge (est.)		NYMEX #2 Oil		NYMEX #2 Oil	Jan '11 futures
6/24/10	2.0522	6/24/10	2.0572	6/24/10	2.2024
6/25/10	2.0947	6/25/10	2.1122	6/25/10	2.2510
6/28/10	2.0727	6/28/10	2.0933	6/28/10	2.2403
6/29/10	2.0051	6/29/10	2.0213	6/29/10	2.1789
6/30/10	1.9792	6/30/10	1.9817	6/30/10	2.1520

dealers play Russian Roulette with their company's hedging and profitability, premised upon their (misguided) belief that they can predict the direction of oil prices.....

-June – down, up, down, average. Prices started the month with the continuation of the price support that we saw at the end of May. Then, we rallied up through the middle of the month, before coming back down as the month ended. All said, the closing prices yesterday (last day of June) were within a few cents of the monthly averages.

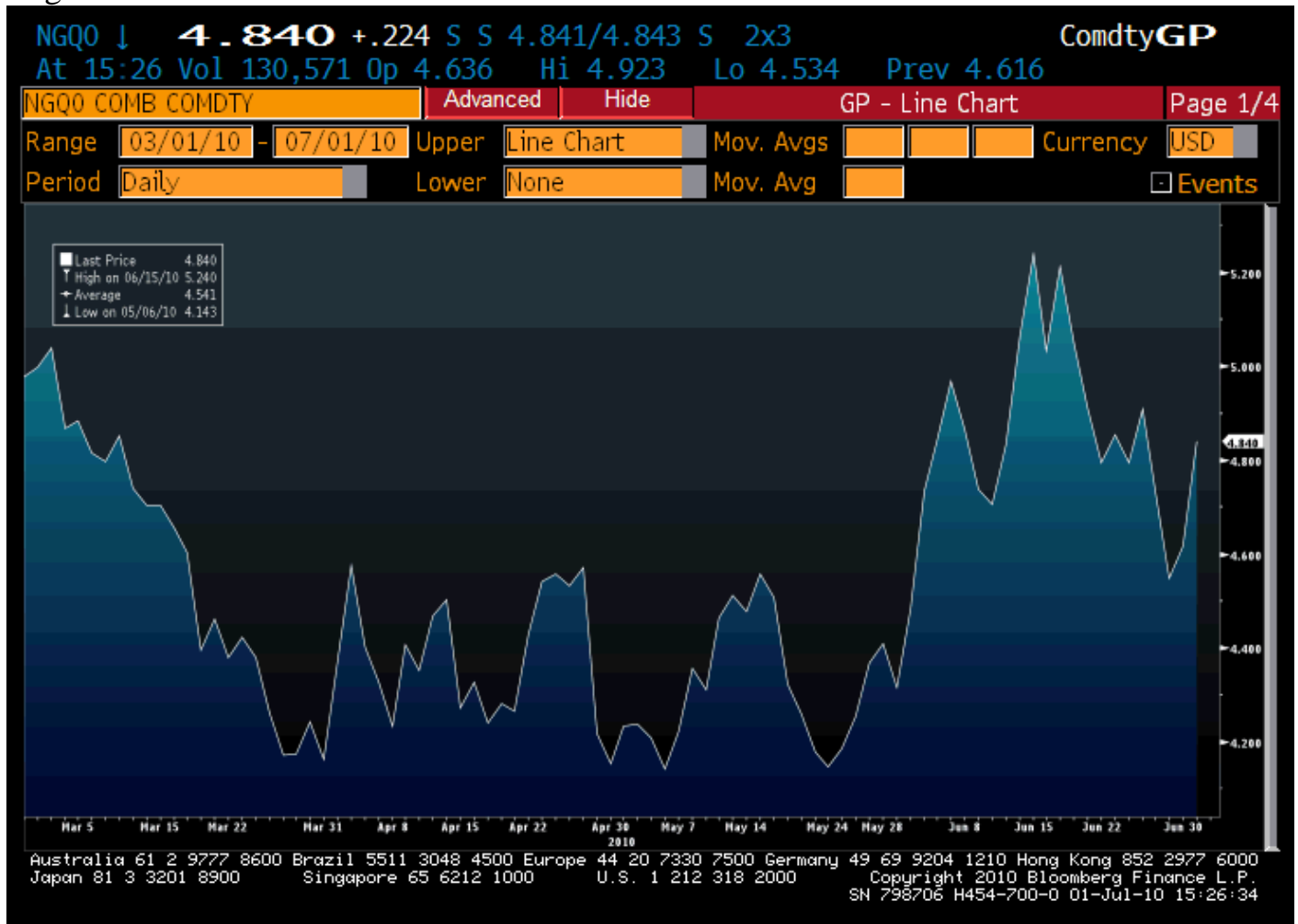
- The natural gas rally that made the August futures contract move up, from late May to mid June, by over a full dollar per dekatherm, took a break over the last 2 weeks of June, giving up about half of the gains. However, today's inventory report (sometimes reports and fundamentals DO move prices) has nat gas rallying, even during the decline in the rest of the energy

complex. Prices are up over \$.20/dkt today.

- Although some oil production has been shut in for Tropical Storm Alex, the storm is expected to hit land in Mexico without the punch that was expected just a few short days ago. That, too, is helping to put pressure on the already weak oil markets today.

-Recent weakness making storage deals more attractive. The “front-to-back” spreads have widened to the point that some deals where you can (physically or “virtually”) take advantage of the carry in the market. You need to assess your individual numbers, but if you have access to storage (or your supplier grants you access to theirs), it pays to look.

August Natural Gas Futures.



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