



Friday May 4, 2007

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## Early Morning Market Overview

**Energy - Complex Up Slightly Overnight, Supply Worries Underpin Values** - The complex was moving slightly higher overnight. After profit taking and technical selling drove losses Thursday, the market was correcting with modest short covering activity driving marginal gains in crude and products. Supply concerns continue to underpin the complex though there were no fresh reports overnight to support higher gains. A delayed restart of BP PLC's big Whiting, Ind., refinery from June to July supported a reversal in RBOB gasoline futures Thursday drawing crude off of its session low. Concerns that refiners will be unable to meet the pace of growing demand for gasoline ahead of the peak summer demand season remains, furthered by this week's reported 1.1 million barrel drawdown in gasoline stocks leaving the year-on-year picture at a significant deficit. Meanwhile, there also remains worry on the geopolitical front. Nigeria remains in focus with some escalation in violence against oil interests operating in the Niger Delta region. Militants carried out two kidnappings of oil workers in the past week. The latest abduction prompted Eni to shut in 65,000 bpd of Nigerian production. The company said it does not know when it will be bringing the production back online. Meantime, militants released unharmed the six Eni workers who were taken in the attack. The strike against the Eni ship and its workers followed a similar assault on a Chevron Corp. offshore facility which led to the kidnapping of several of its workers and the shut-in of 15,000 barrels a day of oil output. The renewed unrest has raised question over the chances of Royal Dutch Shell PLC bringing back production from its Forcados field, closed in February 2006. Shell said production could start in June. In addition to Nigeria the market is also closely watching for developments in a conference currently underway in Egypt. Television news reports indicate U.S. Secretary of State Condoleezza Rice has met with Iran's foreign minister Manochehr Mottaki, in the first face to face meeting between the two countries in years. Hopes the meeting will go a way toward easing tensions and bring a solution to the long-running standoff between the West and Iran over Iran's nuclear programs is bringing some downside to the market.

### Overnight Trading Prices at 7:30 AM ET

	WTI	HO	REBOB	Brent	Gasoil	Nat Gas
	June	June	June	Jun	May	June
	\$/bbl	\$/gal	\$/gal	\$/bbl	\$/mton	\$/mmbtu
Current Price	\$63.26	1.8539	2.2510	\$66.47	\$585.25	\$7.968
Change	\$0.07	\$0.0086	\$0.0034	\$0.42	\$5.25	\$0.021

## Hedging Strategies

**Strategies - Prices Ended the Day Mixed** - The market ended the day mixed on a combination of short covering and technically based buying Thursday. Crude move lower and heating oil ended the day either side of unchanged while gasoline moved slightly higher as the market corrected after Wednesday losses inspired by a neutral to bearish inventory report. As such we will leave our recommendation the same.

## Highlights

- **Oils - Crude Regains Momentum Settles Well off Session Lows as RBOB Gasoline Recovers on News of Delayed Refinery Starts** - Crude fell to a session low of \$62.75 pressured slightly after news that the U.S. Department of Energy will not make purchases for the Strategic Petroleum Reserve. The DOE said late Wednesday it had declined all offers for sales to the SPR due to high prices, rejecting all bids for the purchase of up to 4 million barrels of crude oil to have been shipped next month to the SPR. The DOE said it will "suspend direct purchases of oil for the SPR until at least the end of the summer driving season." The decision to suspend purchases will allow for more crude to remain in play in the market as refiners pick up the pace of production of refined products including gasoline ahead of the peak summer demand season. Gasoline futures fell on the news to a session low of \$2.2055 but regained momentum on news of delayed refinery restarts. The frontline contract again moved higher finishing the day up 1.50 cents at \$2.2476. Renewed strength in gasoline futures tugged crude and heating oil off their session lows. Crude closed down 49 cents at \$63.19 while heating oil settled the day 0.0073 points down at \$1.8453. Supply worries remain present in the market. Tight gasoline stockpiles ahead of the peak demand season is keeping the markets eye trained toward any fresh refining snags. News that two crude units at BP PLC's big Whiting, Ind., refinery will restart in July and not June as previously thought, was enough to reverse the markets course.
- **NG - Short Covering June Gas Disregards Storage, Gains 21.7 Cents** - On paper, this week's storage report from the Energy Information Administration was bearish, yet the market instead disregarded the information, instead turning to short covering and future demand concerns to move higher as the day progresses. As is common in this shoulder period, storage has become a sort of non-issue as the data released Thursday was inline with expectations and the long-term weather forecast called for warmer temperatures for the major consuming markets. June natural gas settled at \$7.947, up 21.7 cents after bouncing back from a low of \$7.53. The crude market, along with weather and demand, didn't need to offer much support to the natural gas market. The NYMEX June crude oil at first tested the downside \$63.00, then settled at \$63.19, down 49 cents. The Energy Information Administration

released its Weekly Natural Gas Storage Inventory report showing 87 billion cubic feet injected into storage during the week ended April 27. Most pre-release estimates called for an injection of between 80 and 90 Bcf with the ICAP auction suggesting 84.5 Bcf. Total storage in the lower 48 states now stands at 1,651 Bcf, 245 Bcf below last year's levels for the same week and 266 Bcf above the five-year average of 1,385 Bcf. So, as the front month remains stuck between \$7.50 and \$8.00, with little in the way of an impetus to breakout or breakdown, the shoulder rut continues for the contract. The storage outlook for next week (for the week ending May 4) looks to show another above-average injection. However, as was the case today, for now the market seems content with pricing expectations into the price, leaving weather and crude as the only fresh drivers. Meanwhile, the continuing abundance of short positions will continue to add volatility with the likelihood of several short covering rallies along the way, though many still expect that there is time for a sell off to near \$7.00 before summer cooling demand, hurricanes and peak driving season come to the forefront. Studying the charts, technical support for June is seen at \$7.70, \$7.54, \$7.48, \$7.40, \$7.30, \$7.15, \$7.00 and \$6.50. Meanwhile, resistance is pegged at \$7.93, \$8.00-\$8.04, \$8.20 and \$8.68.

<b>Daily Hedger Nat Gas in Working Storage for Week Ending 4/27/07</b>							
	<b>Billions of Cubic Feet (BCF)</b>						
	<b>Current</b>	<b>Last WK</b>	<b>Last Yr</b>	<b>Diff. Vs. Last Wk</b>	<b>Diff vs. Last Yr</b>	<b>% Cap. Cur. Wk</b>	<b>% Cap. Last Yr</b>
	<b>04/27/07</b>	<b>04/20/07</b>	<b>04/28/06</b>				
<b>Regions</b>							
<b>East Consuming</b>	716	664	959	52	(243)	39.23%	52.54%
<b>West Consuming</b>	263	253	255	10	8	51.96%	50.38%
<b>Producing</b>	672	647	690	25	(18)	70.55%	72.44%
<b>Total US (Lower 48)</b>	<b>1651</b>	<b>1564</b>	<b>1904</b>	<b>87</b>	<b>(253)</b>	<b>50.10%</b>	<b>57.78%</b>

Data Source EIA

- Propane - Spot LPG Prices Close Mixed in Thin Trade** - May LPGs moved to mixed finishes Thursday in line with divergent finishes by crude and natural gas futures on the New York Mercantile Exchange. The crude complex was sharply lower in early profit taking but a late session recovery in RBOB gasoline futures amid news of delayed refinery restarts had crude settling well off the session low of \$62.75, at \$63.19, down 49 cents. Meantime, nearby delivery natural gas futures settled 21.7cts higher at \$7.947 MMBtu on short covering despite an 87 Bcf injection into storage last week reported by the Energy Information Administration-a figure at the high end of market estimates. NYMEX June propane futures settled unchanged at 114.00cts gal. In the physical markets, LDH Mont Belvieu propane was pegged at 113.50cts gal, down a penny, according to reports. Non-LDH propane in the region was assessed at 113.375cts gal, dropping 0.75cts. Propane in Conway was done at

111.00cts gal, losing 1.5cts from the day prior. Non-LDH normal butane in Mont Belvieu was quoted at 139.125cts gal, up 0.50cts. LDH normal butane in the region slipped 0.25cts to 138.380cts gal, reports indicated. Conway normal butane was discussed at 130.960cts gal, increasing 1.75cts. Iso-butane in Kansas was inked at 158.00cts gal, dropping 1.5cts. Spot non-LDH iso-butane in Texas was completed at 155.00cts gal, gaining 0.50cts. LDH iso-butane in Mont Belvieu was eyed at 158.00cts gal, down 1.5cts. LDH natural gasoline in the hub traded at 163.770cts gal, faltering more than 2.75cts. Non-LDH natural gasoline in the Gulf dipped 0.50cts to 162.00cts gal, according to reports. Conway natural gasoline was inked at 175.00cts gal, up 4.0cts. In the light products markets, spot purity ethane in Mont Belvieu gained 0.50cts to 73.813cts gal. Ethane/propane mix in the region was talked at 73.063cts gal, rising 0.50cts. Ethane/propane mix in Conway was reported at 67.50cts gal. Values also gained 0.50cts on the session.

## In The News

- **Suncor April Oil Sands Production Averages 218,000 Bpd** - Suncor Energy Inc. said production at its oil sands facility during April averaged approximately 218,000 bpd, according to a news release. Production was lower than expected due to unplanned maintenance at its Sarnia refinery in Ontario, which is nearing completion. Year-to-date oil sands production at the end of April averaged approximately 240,000 bpd. Suncor is targeting average oil sands production of 255,000 to 265,000 bpd on the year, down from a previous target of 260,000 to 270,000 bpd. These numbers are preliminary and subject to adjustment. Monthly totals may differ from year-to-date total due to rounding, the impact of sales and changes in inventory. Production volumes will be confirmed when Suncor's second quarter results are released on July 26.
- **POET to Build 65.0M Gal Year Ethanol Facility in Indiana** - POET plans to build a 65.0 million gallon per year ethanol plant near North Manchester, Indiana for \$130 million, a news release said Thursday. Ethanol marketing for the facility will be provided by POET Ethanol Products and byproducts will be marketed by POET Nutrition. Rail access will be through Norfolk Southern. The North Manchester production facility will be the third built by POET in Indiana. POET Biorefining-Portland is expected to begin operations later this year, while construction of POET Biorefining-Alexandria will be completed in the first or second quarter of 2008. POET, formerly known as Broin Companies, has built 25 ethanol production facilities domestically in the last 20 years and has seven more under construction or in development. POET currently manages 19 ethanol production facilities in the U.S.

- **Tesoro to Close on Shell L.A. Refinery Purchase May 10** - Tesoro expects to close on its acquisition of Shell's Los Angeles refinery in California in about a week, Tesoro Chief Executive Officer Bruce Smith said Thursday during an earnings conference call. The costs for the refinery as well as its purchase of USA retail outlets had turned out to cost \$200 million more than the \$700 million anticipated when the deals were announced in January. Meanwhile, Tesoro will look to expand its refining system beyond the West Coast region. The company currently operates refineries in Hawaii, Alaska, California, Washington, Utah and North Dakota.
- **Ethanex/Buhler, Inc. to Market Ethanol Production System** - Ethanex Energy, Inc. and Buhler, Inc. have entered into a joint agreement to market a biorefinery ethanol production system, the companies said in a news release. The companies said the relationship will leverage Buhler's market leading grain milling experience and Ethanex management's energy industry, construction and ethanol technology experience. The integrated technology and services platform will enable both existing and new ethanol plants to increase production volume and operating margins. "Fractionation is the key to unlocking the full potential of corn based ethanol production. Separating the fermentable portion of the kernel from the un-fermentables is the first step in true bio-refining. With the three discrete streams comes the ability to further separate and maximize the potential value from whole corn," said Al Knapp, president and CEO of Ethanex Energy, Inc. "The combination of Ethanex's ethanol and corn milling experience and Buhler's unsurpassed knowledge in the design and manufacture of milling equipment and systems provides an unparalleled base to provide vastly superior financial results." Buhler is in the field of process and plant design and related services for transforming renewable and synthetic raw materials into fuel products.
- **California Gasoline Supply Drawn Down again amid Lower Output** - Total gasoline supply on hand at California refineries was again drawn down last week, falling with a decline in the production of gasoline by in-state refineries, according to weekly data released by the California Energy Commission Thursday for the week-ended April 27. Overall gasoline production in the state dipped 0.7 percent, averaging nearly 1.04 million bpd for the week-ended April 27, which is down 7.7 percent from 2006 levels. Production of gasoline meeting the Air Resources Board's stringent requirements inched up 0.5 percent, averaging 912,571 bpd, while output of gasoline for out-of-state export dropped 8.5 percent, averaging 127,285 bpd for the week under review. Total gasoline supply on hand at Calif. refineries slipped 1.4 percent to 6.081 million bbl. Supply is 19,000 bbl or 0.3 percent above levels recorded during the comparable week in 2006. Data shows CARB gasoline supply fell 5.3 percent to 4.479 million bbl for the week-ended April 27, 1.5 percent below year-ago levels. Gasoline for out-of-state export totaled 1.602 million bbl, an

increase of 165,000 bbl or 11.5 percent on the week and 5.9 percent above supply levels recorded during the comparable period in 2006. The weekly data showed an 8.2 percent increase in gasoline blending components, up from 5.935 million bbl to 6.419 million bbl during the period. CEC data showed a steep drop in overall distillate production, with output sliding 17.7 percent during the week-ended April 27, averaging 279,857 bpd, amid substantial production cutback in ultra-low sulfur diesel for out-of-state export and in-state consumption. Output of ULSD shipped to neighboring states tumbled 34.9 percent, averaging 49,285 bpd, while production of CARB ULSD, a formula which carries a lower aromatic content than the federal formula, stumbled 13.1 percent for the week under review to average 248,571 bpd. CARB ULSD supply at state refineries dipped 0.3 percent to 2.480 million bbl for the week-ended April 27, while ULSD supply for out-of-state export declined 4.0 percent to 1.054 million bbl. Total distillate supply fell 1.5 percent to 3.534 million bbl, falling 8.1 percent from prior year levels. The state agency reported a decrease of 342,000 bbl or 2.7 percent in crude throughput at refineries in the state, with refiners consuming 12.295 million bbl of crude last week. Compared with one year-ago, weekly crude throughput is down 5.2 percent. CEC reported crude supply in the state increased 3.7 percent or 525,000 bbl to 14.609 million bbl. On hand inventory levels are 416,000 bbl or 2.8 percent below corresponding year earlier totals.

## Macro Fundamentals - Oil & Nat Gas

- **Oil - Senate Moves ahead on Bill to Hike Renewable Fuels Use** - The Senate Energy Committee sent legislation, S. 987, to the full Senate yesterday that would increase the amount of ethanol and other renewable fuels used in United States annually to 8.5 billion gallons in 2008, steadily boosting it to 36.0 billion gallons by 2022. Under the bill, offered by Senators Pet Domenici, (R-N.M.), and Jeff Bingaman, (D-N.M.), the U.S. Department of Energy would be required to devise a plan to reduce gasoline consumption by 20 percent by 2017, by 35 percent by 2025 and by 45 percent by 2030. If the legislation is accepted by the full Senate, it still must be approved by the House of Representatives and signed by President Bush before it could become law. While the American Petroleum Institute in a statement said it supports a realistic and workable renewable fuels standard, the industry group said, "The renewable biofuels mandate contained in this bill for advanced biofuels is not economically achievable with current technologies. API regrets that the bill does not include a safety valve. Appropriate adjustments may be needed to ensure that energy companies and consumers are not penalized due to the economic and technical hurdles that might prevent reaching alternative or biofuels usage targets or goals."



## Weather Watch

- Heating Oil Region:
  - 6 to 10 (5/9 to 5/13) day forecast - Mostly Above Normal to Normal, Below Normal Florida
  - 8 to 14 (5/11 to 5/17) day forecast - Above Normal to Normal, Below Normal Florida
- Nat Gas Region:
  - 6 to 10 (5/9 to 5/13) day forecast - Mostly Normal West, Below Normal Parts of Northwest, Above Normal Elsewhere
  - 8 to 14 (5/11 to 5/17) day forecast - Mostly Normal

## Price Overview - Daily Hedger Oil & Power Price Boards

- **Forward Strips.** Mixed situation with WTI & UL in a carry in the front end while HO remains in a backwardation in the front end.
- **Spot Basis.** Higher
- **Cracks.** Lower
- **Spreads.** Nat Gas is more economical than HO
- **Rack Basis.** Lower
- **Retail Margins** Higher

	3-May					Settles			
	WTI	HO	RBOB	HO Crack	RBOB Crack	IPE	IPE	NG	Propane
	June	June	June	June	June	JuneBrent	MayGasoil	June	June
	\$/bbl	\$/gal	\$/gal	\$/bbl	\$/bbl	\$/bbl	\$mton	\$/mmbtu	\$/gal
Current	\$63.19	\$1.8453	\$2.2476	\$14.31	\$31.21	\$66.50	\$586.00	\$7.947	\$1.1400
Change	(\$0.49)	(\$0.0073)	\$0.0150	\$0.18	\$0.64	\$0.45	\$6.00	\$0.217	\$0.0000
Strips									
3 Month	\$64.76	\$1.8645	\$2.1971	\$13.54	\$27.51	\$67.08	\$588.67	\$8.072	\$1.1400
6 Month	\$66.18	\$1.9026	\$2.0822	\$13.74	\$21.28	\$67.78	\$594.58	\$8.306	\$1.1450
12 Month	\$67.86	\$1.9512	\$1.9919	\$14.09	\$15.80	\$68.84	\$604.44	\$8.857	\$1.1467
%Time Price/Cracks are above/below current price -- long term Frequency Distribution									
Since	1984	1984		1984		1988	1982	1991	1988
Above	100.0%	0.0%		3.5%		0.0%	0.0%	100.0%	0.2%
Below	0.0%	100.0%		96.5%		100.0%	100.0%	0.0%	99.8%

Average Spots							LPG			
							Mt. Belveiu			
							TET	non-TET	Conway	
East Of Rockies										
		#2 HO	#2 LSD	Jet	UL	RFG	Propane	\$1.1350	\$1.1338	\$1.1100
NYH Barge		\$1.8513	\$1.9753	\$2.0453	\$2.1826	\$2.3126	N-Butane	\$1.3838	\$1.3913	\$1.3096
Dif. v SPT NYM		\$0.0060	\$0.1300	\$0.2000	(\$0.0650)	\$0.0650	NGL	\$1.6377	\$1.6200	\$1.7500
USGC Pipe		\$1.8453	\$1.9603	\$2.0428	\$2.2326	\$2.3176				
Dif. v SPT NYM		\$0.0000	\$0.1150	\$0.1975	(\$0.0150)	\$0.0700				
Chicago Pipe		\$2.0478	\$1.9978	\$2.0753	\$2.4676		Refinery Crack Spreads			
Dif. v SPT NYM		\$0.2025	\$0.1525	\$0.2300	\$0.2200			RBOB	HO	3-2-1
Group 3		\$2.1303	\$2.1103	\$2.1053	\$2.4426		Nymex	\$31.21	\$14.31	\$25.63
Dif. v SPT NYM		\$0.2850	\$0.2650	\$0.2600	\$0.1950		Gulf Spot	\$34.15	\$14.31	\$27.60
West Coast		EPA Dsl	Carb Dsl	Jet	UL	Carb UL	LA Spot	\$51.91	\$24.09	\$42.73
Los Angeles		\$2.0953	\$2.1103	\$2.1203	\$2.6926	\$2.7726	2.5421		\$22.20	
Dif. v SPT NYM		\$0.2500	\$0.2650	\$0.2750	\$0.4450	\$0.5250	Nymex & Gulf cracks basis Nymex WTI Crude			
San Francisco		\$2.0953	\$2.1103	\$2.1203	\$2.6476	\$2.7226	LA & Port cracks basis Spot ANS Crude			
Dif. v SPT NYM		\$0.2500	\$0.2650	\$0.2750	\$0.4000	\$0.4750				
		LSD		Jet	UL	Prem				
Portland		\$2.0653		\$2.1203	\$2.6601	\$2.8101				
Dif. v SPT NYM		\$0.2200		\$0.2750	\$0.4125	\$0.5625				

Average Rack Prices**				4-May	\$/Gal	
	#2 HO	#2 LSD	#2 ULS	UL	RFG	
Newark	\$1.8780	\$2.0425	\$2.0458		\$2.3857	
Atlanta		\$1.9975	\$2.0541	\$2.3881		
Houston		\$2.1127	\$2.0808		\$2.3726	
Chicago		\$2.0553	\$2.0915		\$2.7028	

LA		\$2.1438		\$2.8003		Source	
Portland	\$2.1099	\$2.1489	\$2.7128			DTNergy	
<b>Average Retail Prices**</b>		<b>4-May</b>		<b>\$/Gal</b>			
	#2 LSD	UL		#2 LSD	UL		
Newark	\$2.8050	\$2.8570	Boston	\$2.8750	\$2.9210		
Atlanta	\$2.9000	\$2.9140	Raleigh	\$2.9300	\$2.9470		
Houston	\$2.8320	\$2.8610	Jacksonville	\$2.9430	\$2.9410		
Chicago	\$3.0840	\$3.2480	KC, MO	\$2.8130	\$2.8570		
LA	\$3.1860	\$3.4430	San Fran	\$3.2520	\$3.6020		
Portland	\$2.9850	\$3.3270	Denver	\$3.1160	\$2.9890		AAA
<b>Rack Nymex Basis, \$/Gal</b>		<b>4-May</b>		<b>Rack to Retail Gross Margins, \$/Gal</b>			
	#2 LSD	RBOB		#2 LSD	UL		
Newark	\$0.1972	\$0.1381	Newark	\$0.7625	\$0.4713		
Atlanta	\$0.1522	\$0.1405	Atlanta	\$0.9025	\$0.5259		
Houston	\$0.2674	\$0.1250	Houston	\$0.7193	\$0.4884		
Chicago	\$0.2100	\$0.4552	Chicago	\$1.0287	\$0.5452		
LA	\$0.2985	\$0.5527	LA	\$3.1860	\$0.6427		
Portland	\$0.2646	\$0.4652	Portland	\$0.8751	\$0.6142		
<b>Arbs, Basis &amp; Margins - Thurs. Settle</b>							
NYM HO - GASOIL NYM is lower		(\$0.0251)	\$/gal	Movements from Europe Marginal			
WTI - Brent NYM is higher by		(\$3.31)	\$/bbl	Indicates Crude Import to US Economical			
HO - Nat Gas HO is Higher by		\$0.7431	\$/gal	NG Switching to HO is Not Economical			

## Daily Hedger Nymex "At the Money" (ATM) Options

5/3												
Month	WTI				HO				RB			
	Futures	Days to Expiry	Implied Volatility	ATM Avg Call/Put Prem	Futures	Days to Expiry	Implied Volatility	ATM Avg Call/Put Prem	Futures	Days to Expiry	Implied Volatility	ATM Avg Call/Put Prem
June	\$63.19	13	27.9%	\$1.52	\$1.8453	21	27.0%	\$0.0522	\$2.2476	21	43.7%	\$0.1007
July	\$64.95	42	26.8%	\$2.51	\$1.8623	53	28.1%	\$0.0804	\$2.1936	53	37.2%	\$0.1208
Aug	\$66.15	74	26.4%	\$3.25	\$1.8858	83	27.4%	\$0.0984	\$2.1501	83	34.5%	\$0.1373
Sept	\$66.98	104	26.2%	\$3.84	\$1.9133	116	27.3%	\$0.1192	\$2.0946	116	32.3%	\$0.1503
Oct	\$67.62	136	26.1%	\$4.37	\$1.9398	144	27.9%	\$0.1198	\$1.9391	144	30.5%	\$0.1264
Nov	\$68.16	166	25.5%	\$4.81	\$1.9693	175	27.1%	\$0.1509	\$1.8681	175	29.6%	\$0.1524
Dec	\$68.62	193	26.1%	\$5.20	\$1.9978	207	27.8%	\$0.1655	\$1.8351	207	31.0%	\$0.1402
Jan	\$69.03	223	25.2%	\$5.58	\$2.0188	236	26.2%	\$0.1504	\$1.8371	236	32.2%	\$0.1880
Feb	\$69.39	257	24.7%	\$5.86	\$2.0303	269	26.1%	\$0.1640	\$1.8561	269	35.4%	\$0.2232

Based on Settlement Prices for 5/3												
Month	Nat Gas				IPE Brent				IPE Gasoil			
	Futures	Days to Expiry	Implied Volatility	ATM Avg Call/Put Prem	Futures	Days to Expiry	Implied Volatility	ATM Avg Call/Put Prem	Futures	Days to Expiry	Implied Volatility	ATM Avg Call/Put Prem
June	\$7.947	21	39.1%	\$0.456	\$66.53	7	26.7%	\$3.98	\$588.50	32	28.8%	\$45.73
July	\$8.080	53	40.7%	\$0.612	\$67.10	38	29.8%	\$4.97	\$592.25	62	28.6%	\$43.75
Aug	\$8.080	83	43.2%	\$0.762	\$67.10	68	25.7%	\$4.69	\$592.25	91	26.5%	\$53.90
Sept	\$8.080	116	45.7%	\$0.914	\$67.10	101	25.8%	\$5.10	\$592.25	124	26.5%	\$50.98
Oct	\$8.080	144	48.7%	\$1.072	\$67.10	129	24.8%	\$5.36	\$592.25	153	27.7%	\$53.05
Nov	\$8.080	175	46.2%	\$1.198	\$67.10	160	26.0%	\$5.37	\$592.25	185	27.7%	\$64.98
Dec	\$8.080	207	44.5%	\$1.312	\$67.10	192	33.7%	\$7.17	\$592.25	215	29.2%	\$57.95
Jan	\$8.080	236	43.6%	\$1.460	\$67.10	221	32.0%	\$7.47	\$592.25	244	27.7%	\$64.98
Feb	\$8.080	269	44.7%	\$1.560	\$67.10	252	25.6%	\$5.80	\$592.25	277	25.1%	\$56.55

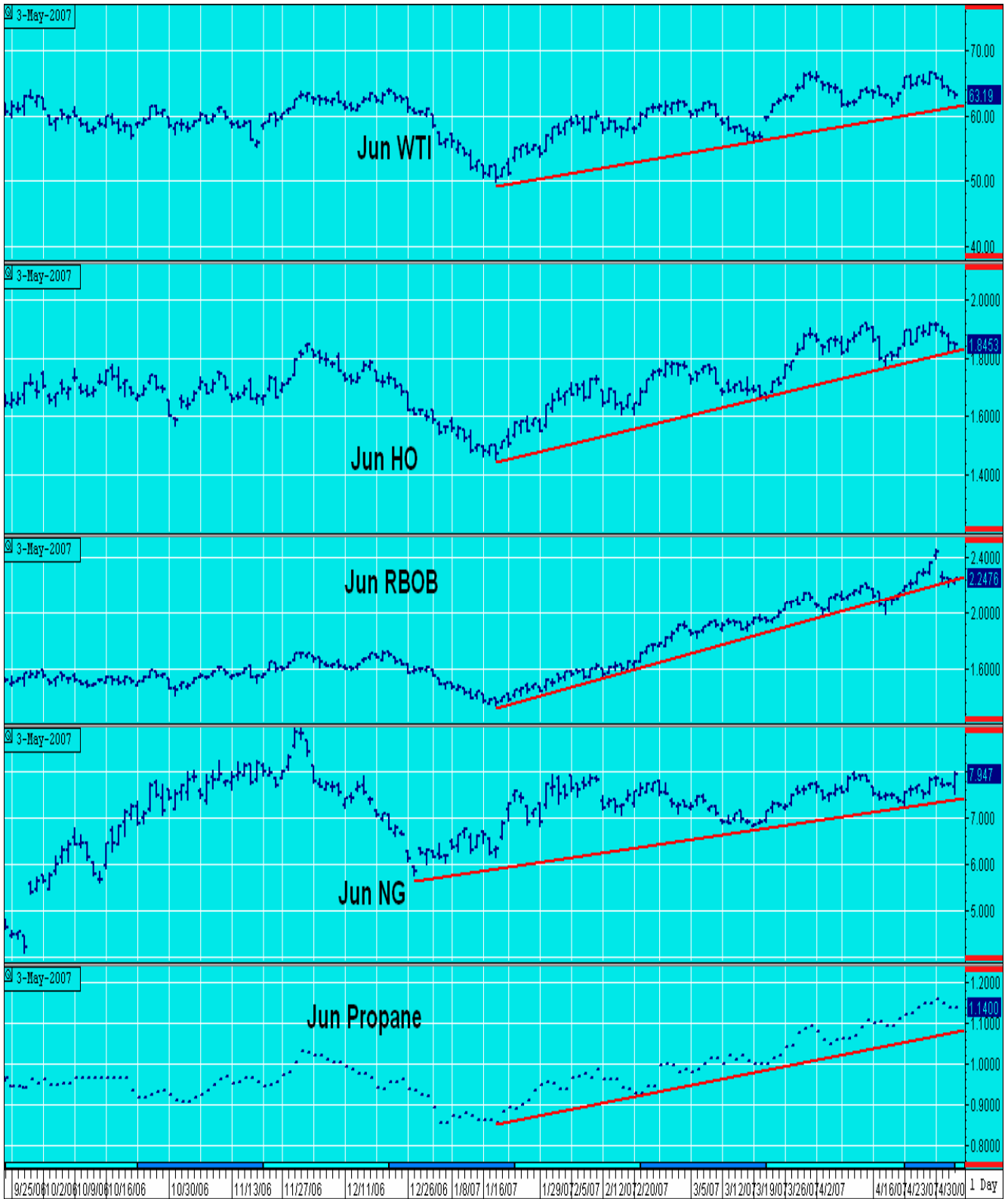
## Market Technicals

- **Oils - June Crude Moves Slightly Lower Overnight Extending Week's Decline** - June crude oil was slightly lower overnight as it extends this week's decline. Stochastics and the RSI remain bearish signaling that sideways to lower prices are possible near-term. If June extends this week's decline, April's low

crossing at 62.63 is the next downside target. Multiple closes above the reaction high crossing at 67.05 are needed to confirm that a short-term low has been posted. Overnight action sets the stage for a steady to lower opening when day session trading begins later this morning. June heating oil was higher due to short covering overnight as it consolidates some of this week's decline. Stochastics and the RSI have turned bearish signaling that sideways to lower prices are possible near-term. If June extends this week's decline, April's low crossing at 177.15 is the next downside target. Closes below April's low crossing at 177.15 would confirm that a top has been posted while opening the door for a larger-degree decline near-term. Overnight action sets the stage for a steady to higher opening when day session trading begins later this morning. June unleaded gas was steady to slightly higher overnight as it consolidates above the 10-day moving average crossing at 222.49. Stochastics and the RSI are overbought and are turning bearish hinting that a short-term top might be in or is near. Closes below the 20-day moving average crossing at 215.83 are needed to confirm that a short-term top has been posted. If June extends this year's rally, weekly resistance crossing at 234.11 is the next upside target. Overnight action sets the stage for a steady to higher opening when day session trading begins later this morning.

- **Natural Gas and Propane - June Nat Gas Steady to Slightly Higher Overnight** - June Henry Hub natural was steady to slightly higher overnight. Stochastics and the RSI remain neutral to bullish signaling that sideways to higher prices are possible near-term. If June extends the rally off April's low, April's high crossing at 8.14 is the next upside target. From a broad perspective, June needs to close above 8.14 or below 7.387 to clear up near-term direction in the market. Overnight action sets the stage for a steady to higher opening when day session trading begins later this morning.

Latest Support Resistance Levels		
	Resistance	Support
Jun WTI	\$70.00	\$60.00
Jun HO	\$1.9250	\$1.7500
Jun RB	\$2.3000	\$2.1500
Jun NG	\$8.000	\$7.000
Jun Prop	\$1.1075	\$1.0000



Source: DTN ProphetX

# Daily Hedger - Market Direction Indicator

All recommendations & strategies are based on information as of today.

Daily Hedger - Market Direction Indicator				
Product/Time Period	News/Geo-Politics	Fundamentals	Technicals	Overall DH -MDI Max Bullish - 5 Max Bearish - (5)
<b>Distillate</b>				
Short - Term - 3 to 10 days	Neutral 0.0	<b>Cautiously Bearish</b> (3.5)	Neutral 0.0	(1.2)
Long-Term - 30 Days Forward	Neutral 0.0	<b>Cautiously Bearish</b> (3.5)	Neutral 0.0	(1.2)
<b>Gasoline</b>				
Short - Term - 3 to 10 days	Neutral 0.0	<b>Cautiously Bearish</b> (3.5)	Neutral 0.0	(1.2)
Long-Term - 30 Days Forward	Neutral 0.0	<b>Cautiously Bearish</b> (3.5)	Neutral 0.0	(1.2)
<b>Crude</b>				
Short - Term - 3 to 10 days	Neutral 0.0	<b>Cautiously Bearish</b> (3.5)	Neutral 0.0	(1.2)
Long-Term - 30 Days Forward	Neutral 0.0	<b>Cautiously Bearish</b> (3.5)	Neutral 0.0	(1.2)
<b>Natural Gas</b>				
Short - Term - 3 to 10 days	Neutral 0.0	<b>Cautiously Bearish</b> (3.5)	Neutral 0.0	(1.2)
Long-Term - 30 Days Forward	Neutral 0.0	<b>Cautiously Bearish</b> (3.5)	Neutral 0.0	(1.2)
<b>Propane</b>				
Short - Term - 3 to 10 days	Neutral 0.0	<b>Cautiously Bearish</b> (3.5)	Neutral 0.0	(1.2)
Long-Term - 30 Days Forward	Neutral 0.0	<b>Cautiously Bearish</b> (3.5)	Neutral 0.0	(1.2)

## Daily Hedger - Hedging Recommendations

- The following table summarizes the Daily Hedger's current macro hedge strategy recommendations.

Daily Hedger - Macro Hedge Recommendations			
	Buyers (End-User) Perspective	Sellers (Supplier) Perspective	Re-Seller Perspective
Distillate	Hold Adding Hedges	Sell Unsold Inventory	Work down Inventory
Gasoline	Hold Adding Hedges	Sell Unsold Inventory	Work down Inventory
Crude	Hold Adding Hedges	Sell Unsold Inventory	Not Applicable
Natural Gas	Hold Adding Hedges	Sell Unsold Inventory	Not Applicable
Propane	Hold Adding Hedges	Sell Unsold Inventory	Work down Inventory

The above recommendations are general in nature and designed for categories of companies rather than for any specific company or organization.

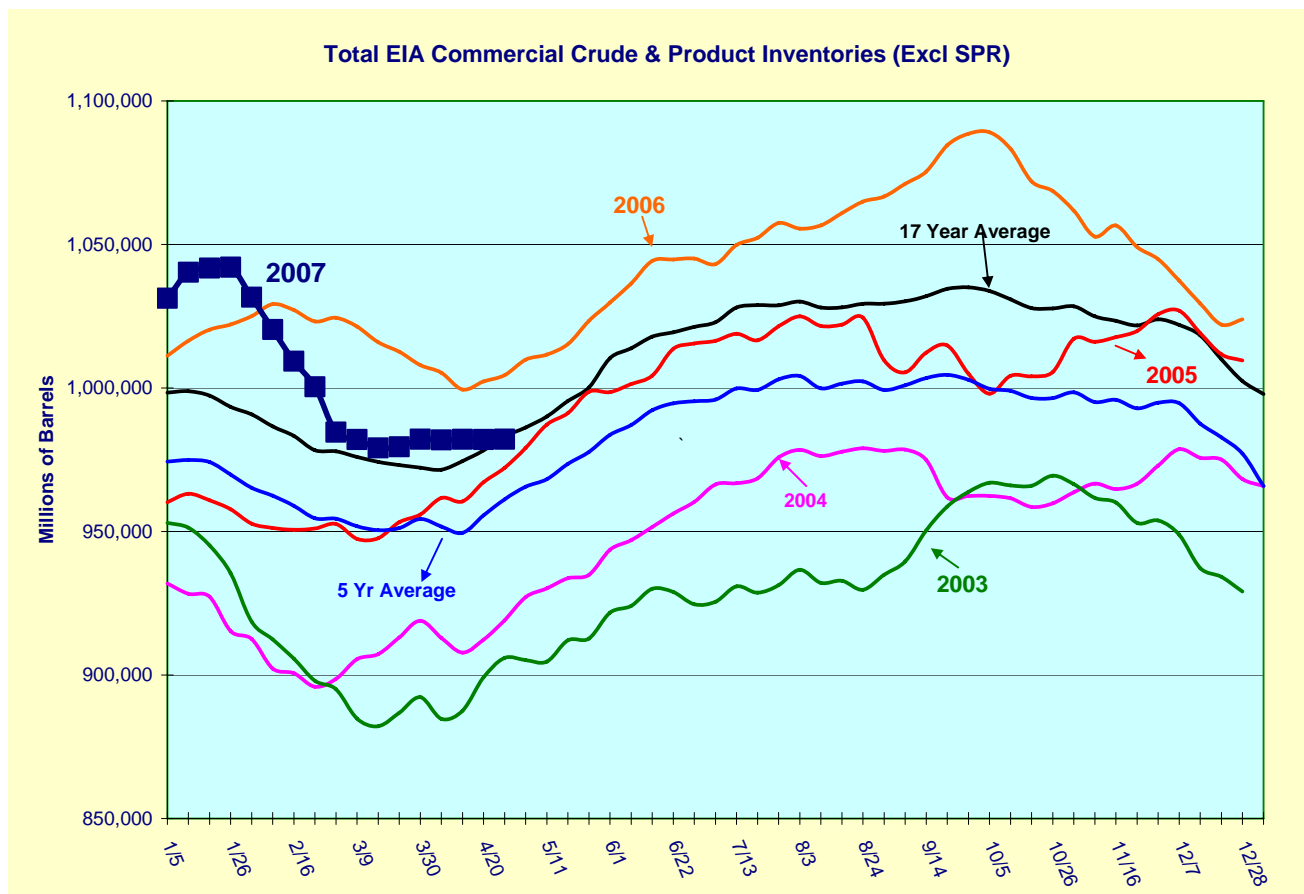
# Daily Hedger - Purchasing Recommendations

- Oil buyers should be considering buying variable priced for the short term.

Daily Hedger - Pur. Recs.	
	Energy Buyers Perspective
Distillate	Buy Short-Term Variable LT Option Based
Gasoline	Buy Short-Term Variable LT Option Based
Crude	Buy Short-Term Variable LT Option Based
Natural Gas	Buy Short-Term Variable LT Option Based
Propane	Buy Short-Term Variable LT Option Based

## Energy Management Institute Presents the Continuing Education Tidbit of the Day

### Total EIA Commercial Crude & Product Inventories



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### \*\*\* RISK DISCLOSURE STATEMENT

THE RISK OF LOSS IN TRADING COMMODITIES CAN BE SUBSTANTIAL. YOU SHOULD THEREFORE CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR FINANCIAL CONDITION. IN CONSIDERING WHETHER TO TRADE OR TO AUTHORIZE SOMEONE ELSE TO TRADE FOR YOU, YOU SHOULD BE AWARE OF THE FOLLOWING:

- IF YOU PURCHASE A COMMODITY OPTION, YOU MAY SUSTAIN A TOTAL LOSS OF THE PREMIUM AND OF ALL TRANSACTION COSTS.
- IF YOU PURCHASE OR SELL A COMMODITY FUTURE OR SELL A COMMODITY OPTION YOU MAY SUSTAIN A TOTAL LOSS OF THE INITIAL MARGIN FUNDS AND ANY ADDITIONAL FUNDS THAT YOU DEPOSIT WITH YOUR BROKER TO ESTABLISH OR MAINTAIN YOUR POSITION. IF THE MARKET MOVES AGAINST YOUR POSITION, YOU MAY BE CALLED UPON BY YOUR BROKER TO DEPOSIT A SUBSTANTIAL AMOUNT OF ADDITIONAL MARGIN FUNDS, ON SHORT NOTICE, IN ORDER TO MAINTAIN YOUR POSITION. IF YOU DO NOT PROVIDE THE REQUESTED FUNDS WITHIN THE PRESCRIBED TIME, YOUR POSITION MAY BE LIQUIDATED AT A LOSS, AND YOU WILL BE LIABLE FOR ANY RESULTING DEFICIT IN YOUR ACCOUNT.
- UNDER CERTAIN MARKET CONDITIONS, YOU MAY FIND IT DIFFICULT OR IMPOSSIBLE TO LIQUIDATE A POSITION. THIS CAN OCCUR FOR EXAMPLE, WHEN THE MARKET MAKES A "LIMIT MOVE".
- THE PLACEMENT OF CONTINGENT ORDERS BY YOUR TRADING ADVISOR, SUCH AS A "STOP-LOSS" OR "STOP-LIMIT" ORDER, WILL NOT NECESSARILY LIMIT YOUR LOSSES TO THE INTENDED AMOUNTS, SINCE MARKET CONDITIONS MAY MAKE IT IMPOSSIBLE TO EXECUTE SUCH ORDERS.
- A "SPREAD" POSITION MAY NOT BE LESS RISKY THAN A SIMPLE "LONG" OR "SHORT" POSITION.

THE HIGH DEGREE OF LEVERAGE THAT IS OFTEN OBTAINABLE IN COMMODITY TRADING CAN WORK AGAINST YOU AS WELL AS FOR YOU. THE USE OF LEVERAGE CAN LEAD TO LARGE LOSSES AS WELL AS GAINS.