

## What's driving your energy prices?

### Bullish Factors

- U.S. crude oil stocks fell nearly 4 million barrels last week, according to the Energy Information Administration's (EIA) latest data. The draw marked the first decline in U.S. crude oil inventories since January and countered expectations for a 1.30 million barrel build.
- Renewed protests in Libya have caused crude oil output to drop below half a million barrels per day again, roughly one-third of the output the OPEC member pumped in 2010.
- U.S. high sulfur heating oil stocks declined roughly 300,000 barrels to slightly over 10.0 million barrels last week, which represents a 3.87 million barrel deficit to last year and a new record-low.

### Bearish Factors

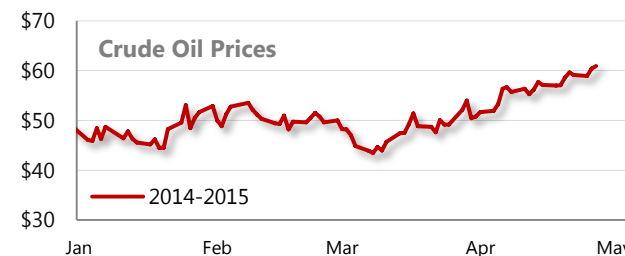
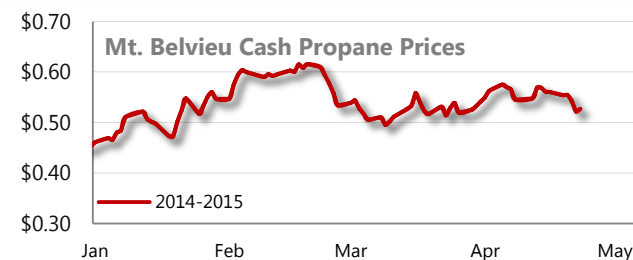
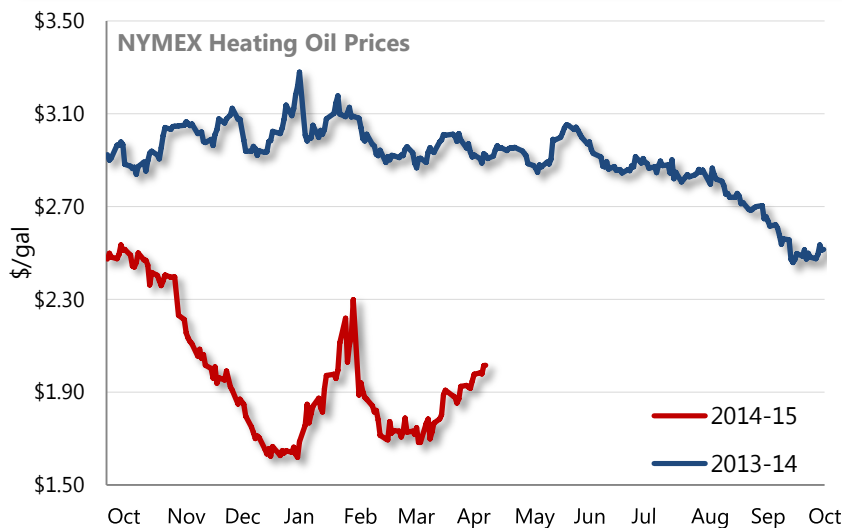
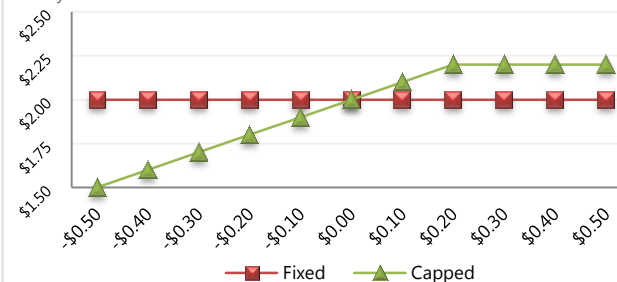
- Oil supply from the Organization of Petroleum Exporting Countries (OPEC) surged to its highest in more than two years in April, supported by near record output from Iraq and Saudi Arabia.
- Factory activity in the world's second-largest consuming nation, China, suffered its biggest drop in a year last month, according to the latest HSBC/Markit Purchasing Managers' Index. The index showed a drop to 48.9 in April from 49.6 in March, its lowest print since April 2014.
- The U.S. oil-rig count declined for a 21<sup>st</sup> straight week in the week ended May 1<sup>st</sup>, down 24 to 679 rigs, marking the lowest oil-rig count since September 2010.

## Did you know?

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### To fix or to cap...that is the question!

It's that time of the year again, when we need to start thinking about our heating oil procurement. Of course, the easiest way to do this is to dust off the crystal ball and see where prices will be next winter. However, most of us don't have a reliable crystal ball, so we have to go with the second best option, choosing a program that both fits our budget and minimizes our price risk. This year's low price environment presents itself with a few opportunities. As seen in the chart below, you could "cap" your price, creating a ceiling while also allowing you to pay a lower price should they decline (like they did this past winter). You could "fix" the price, which also creates a price ceiling, but unlike a cap, you cannot participate should prices decline. Your supplier can help you create a program that will give you peace of mind over your energy costs, so give them a call today!



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