

# COMPETITIVE ENERGY SERVICES MARKET SUMMARY

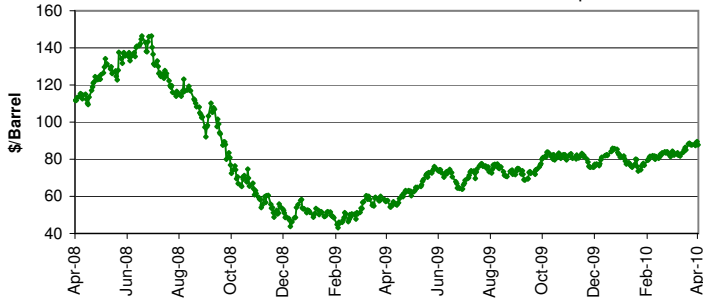
VIII - Issue 16

WEEK ENDING 4/16/10

## Oil Market

### Crude Oil

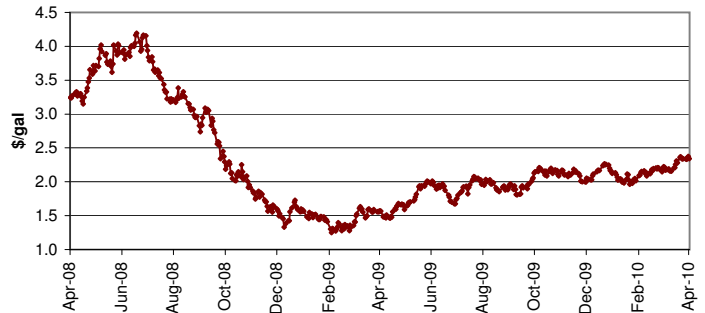
NYMEX Crude Futures - 12 Month Forward Strip



NYMEX PRICING	last close	previous week	24-month high	24-month low
12 month strip, \$/bbl	\$87.82	\$87.83	\$146.44	\$43.06
date	4/16/10	4/9/10	7/14/08	2/18/09
change from last close		0.0%	-40%	104%

STORAGE (in million bbls)	crude oil
domestic stocks as of 4/9/2010	354
gain / loss from previous week	-2.2
comparison to historic range	above

### NYMEX #2 Heating Oil Futures - 12 Month Forward Strip

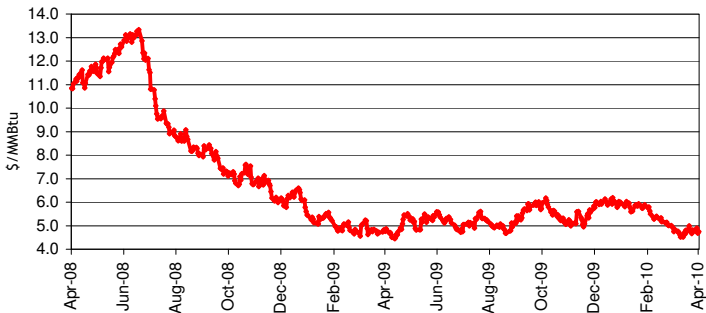


NYMEX PRICING	last close	previous week	24-month high	24-month low
12 month strip, \$/gal	\$2.34	\$2.34	\$4.19	\$1.25
date	4/16/10	4/9/10	7/3/08	2/18/09
change from last close		0.1%	-44%	87%

STORAGE (in million bbls)	distillate	propane	gasoline
domestic stocks as of 4/9/2010	146.8	29.1	221.3
gain / loss from previous week	1.1	1.1	-1.1
comparison to historic range	above	within	above

## Natural Gas Market

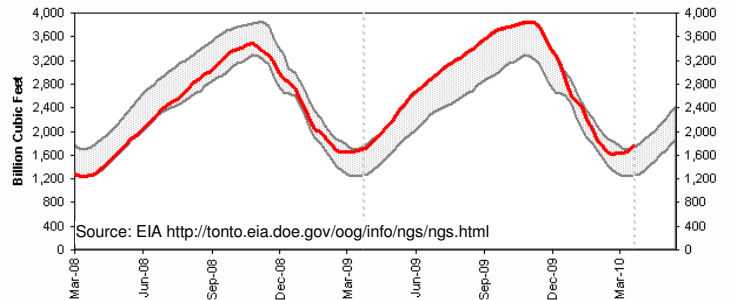
NYMEX Henry Hub Futures: 12 Month Forward Strip



NYMEX PRICING	last close	previous week	24-month high	24-month low
12 mo. strip, \$/MMBTu	\$4.75	\$4.82	\$13.33	\$4.45
date	4/16/10	4/9/10	7/3/08	4/27/09
change from last close		-1.5%	-64%	7%

Forward Strips	18 month	24 month	36 month	48 month
\$/MMBTu	\$4.92	\$5.16	\$5.41	\$5.60

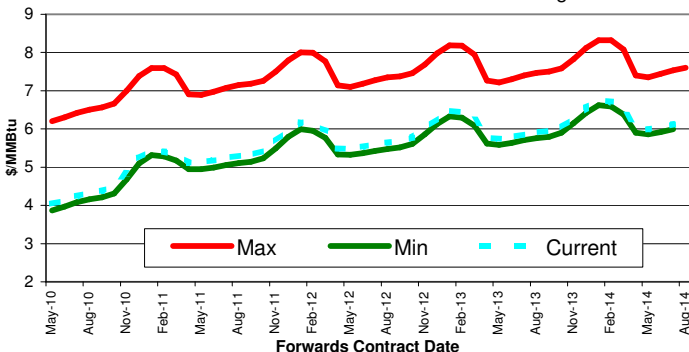
Working Gas in Storage Compared to 5-Year Range



This chart shows the amount of natural gas in storage at each point in time (red line) compared to the highest and lowest amounts in the past 5 calendar years. The record storage levels during 2009 now set the top of this range.

The EIA (Energy Information Administration) reported that natural gas in storage was 1,756 Bcf as of Friday, April 9th. This implies a net weekly injection of 87 Bcf, compared to a net injection of 21 Bcf for both the five-year average and same report week last year. Gas in storage was 4% greater than last year's level and 16% above the 5-year average.

NYMEX Natural Gas Forwards vs. 1 Year Range

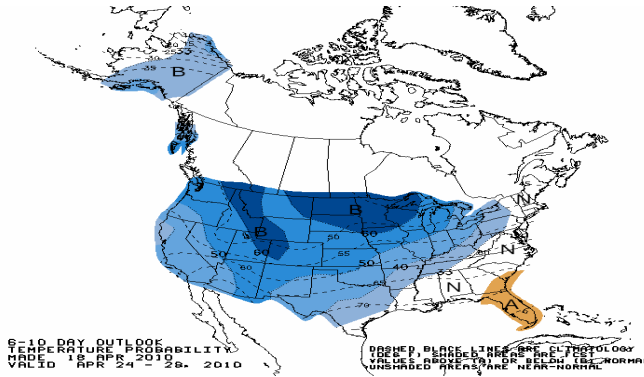


Natural gas futures are useful to monitor for both natural gas and electricity consumers because they drive electricity pricing in many U.S. markets including New England, Texas and, to a lesser extent, New York and the Mid-Atlantic. This chart compares the current natural gas price for each forward month on the NYMEX exchange to the highest and lowest prices for the same month over the past 12 months.

Forwards	Score
12 Month	93
24 Month	92
36 Month	92

The Score provides a measure of how current prices compare to the historic range. A score close to 0 indicates that current prices are close to their historic highs; a score close to 100 indicates that current prices are close to their historic lows.

## Weather Forecast



For the period April 24 - 28, 2010

This map depicts forecasted temperatures for next week compared to the long term average. The blue/purple areas are forecast to be colder than normal, white areas are normal, and yellow/orange/red areas are warmer than normal. Abnormally hot weather in the summer and cold weather in the winter can increase the price for natural gas, oil, and electricity.

Source: Chart from the National Weather Service Climate Prediction Center [www.cpc.ncep.noaa.gov](http://www.cpc.ncep.noaa.gov)

## Market Assessment

On average, crude oil and heating oil were little changed last week, although this was due to the fact that near-term contracts declined while the longer-term contracts rose in price. Oil for the prompt month fell early in the week as demand appeared too weak to support a price around \$85 per barrel. Weakness in physical demand for oil was not reflected by weakness in demand for financial contracts; on Tuesday, the prompt month crude oil contract set a new NYMEX record for the number of trades in one day for a single commodity. Analysts projected that the weekly crude oil storage report, released every Wednesday, would show a 1.3 million barrel increase. However, the EIA report showed a decrease of 2.2 million barrels, causing prices to jump. Contracts for the near months pared these gains on Thursday and Friday, with the prompt month falling 3% over the two days due to a decline in U.S. equities after the Securities and Exchange Committee announced fraud charges against the Goldman Sachs investment bank.

The April crude oil contract expired on March 22nd at \$81.25 per barrel, and May 2010 is the current prompt month. Crude oil contracts for delivery in the nearest four months fell 1% on average last week, while the far-term contracts in the next 12 months rose 0.4% on average. The May 2010 contract ended the week at \$83.24 per barrel, the lowest priced crude oil contract with delivery in next 12 months. The most expensive contract in the next 12 months was April 2011 at \$90.05 per barrel. For NYMEX heating oil futures, the April 2010 contract expired on March 31st at \$2.16 per gallon, and May 2010 is the prompt month. Heating oil contracts for delivery in the next 12 months moved less than 1% on average last week. The lowest-priced contract for the next 12 months was May 2010, which closed the week at \$2.22 per gallon. The most expensive contract in the next 12 months was March 2011, which ended the week at \$2.43 per gallon.

Natural gas prices fell last week. The current slump in demand, coupled with increased production, drove prices down on Monday. However, prices recovered on Tuesday and Wednesday on news that consumer spending rose 1.6% in March, higher than projected. Furthermore, analysts speculate that gas producers may begin to cut back on working rigs in response to the current market prices for gas. Prices for the prompt month fell 5% on Thursday after the EIA's weekly storage report showed a higher-than-projected injection into inventories. Adding to the bearish sentiment, the Labor Department reported that the number of first-time applications for unemployment benefits rose by 24,000 during the previous week, contrary to projections of a decrease of the same amount. Gas prices rose on Friday as investors bought up contracts after the drop in prices on Thursday and government reports showed that factory production rose almost 1% in March and housing starts increased 1.6% from February.

The April 2010 natural gas contract expired on March 29th at \$3.84 per MMBtu on the NYMEX. Natural gas contracts for the next 12 months starting May 2010 fell 1.5% on average last week. May 2010, the lowest priced contract with delivery in next 12 months, ended the week at \$4.04 per MMBtu. The highest priced contract in the next twelve months was January 2011 at \$5.45 per MMBtu.

The National Weather Service forecasts cooler than normal temperatures for almost all of the United States west of the Appalachians, and only Florida is expected to be warmer than normal (see chart above). The CES market score (see first page) rose slightly last week, and natural gas futures are still close to their 24-month lows. Clients with electricity or natural gas contracts expiring in 2010 or 2011 should consult with a CES representative for customized guidance on executing a forward energy market hedge. As always, hedging decisions are very dependent on unique budgetary circumstances and goals.



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