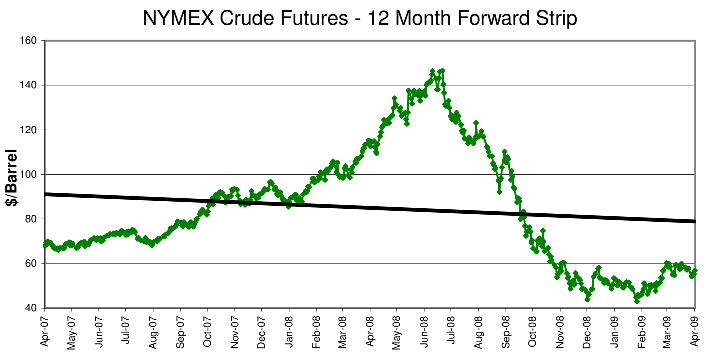
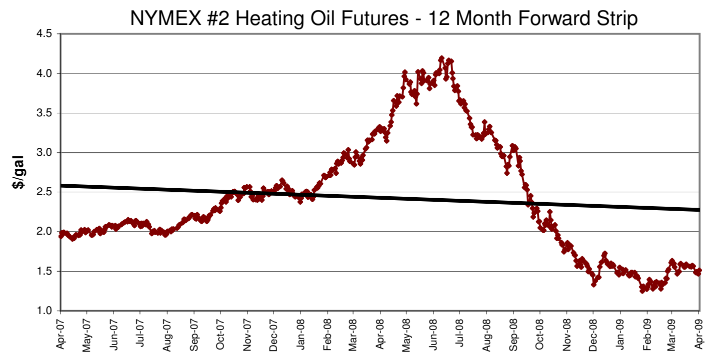
COMPETITIVE ENERGY SERVICES
CETX ENERGY AGENCY
MARKET SUMMARY

VIII - Issue 17 **WEEK ENDING 4/24/09**

Oil Market

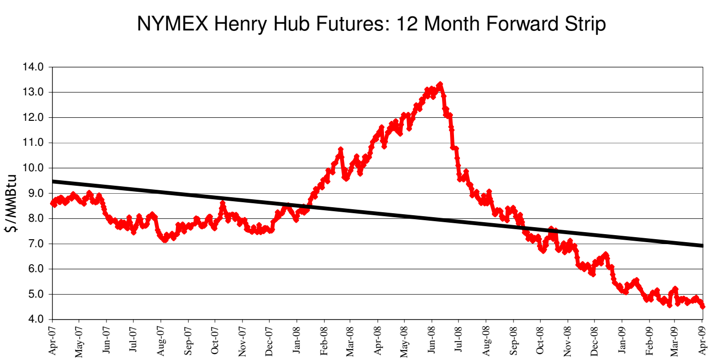


The May 2009 crude oil contract expired on April 21st at $46.51/barrel on the NYMEX. June is currently the prompt month. As of April 24th, the 12 month NYMEX forward strip starting June 2009 was $56.99/barrel, down 1% from the previous week. The current price is 32% above the 24 month low set on February 18th at $43.06/barrel. Strip prices are 61% below the 24 month high for the 12 month strip, which was set July 14, 2008 at $146.44/barrel.

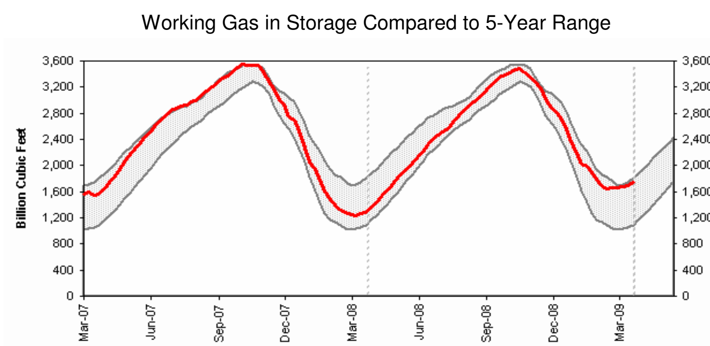


The April 2009 heating oil contract expired on March 31st at $1.34/gal. May is currently the prompt month. As of April 24th, the 12 month NYMEX forward strip starting May 2009 was $1.51/gal. This is down 3.5% from the previous week and is 21% above the 24 month low set at $1.25/gal on February 18th, 2009. Strip prices are 64% below the 24 month high, set on July 3rd at $4.19/gal.

Natural Gas Market



The future price of natural gas is the single most important determinant of the future price of electricity. Natural gas fired generation plants are most often called upon to provide incremental electricity and because of the structure of the competitive electricity market, these plants generally set the price of electricity for all consumers. Electricity suppliers, therefore, follow the natural gas market closely and base their prices to consumers on the forward prices for natural gas.



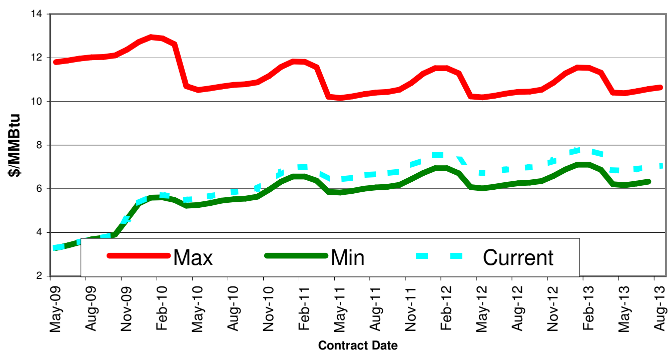
This chart shows the amount of natural gas in storage at each point in time compared to the highest and lowest amounts over the past 5 years (shown as shaded region). When current storage levels approach their lowest levels, gas markets will be tight during the winter months and prices can be expected to rise. Conversely, high amounts of natural gas in storage will, all other things being equal, have a dampening effect on prices.

Source: EIA http://tonto.eia.doe.gov/oog/info/ngs/ngs.html

The April 2009 natural gas contract expired on March 27th at $3.631/MMBtu. May is currently the prompt month. As of April 24th, the 12 month NYMEX strip starting May 2009 was $4.51/MMBtu, down 8% from last week. This sets the new 24 month low, which was previously set on March 18th at $4.56/MMBtu. The current strip prices is 66% below the 24 month high, set July 3rd at $13.33/MMBtu. For comparison the 18, 24, 36, and 48 month NYMEX forward natural gas strips starting May 2009 were $4.93/MMBtu, $5.38/MMBtu, $5.90/MMBtu, and $6.23/MMBtu respectively.

The EIA (Energy Information Administration) reported that natural gas in storage was 1,741 Bcf as of Friday, April 17, 2009. This implies a net injection of 46 Bcf for the week, equal to last year's injection for the same report week and greater than the 5-year average injection of 35 Bcf. Gas in storage was about 36% above last year's level and 23% above the 5-year average.

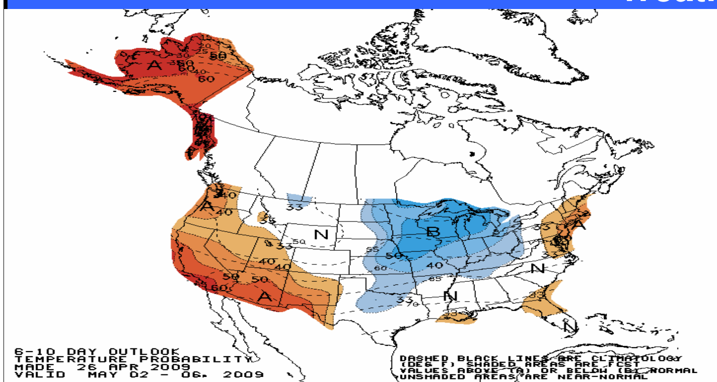
NYMEX Natural Gas Forwards vs. 1 Year Range



Score 12 Month Forward Strip	**99**
Score 24 Month Forward Strip	**96**
Score 36 Month Forward Strip	**92**

Natural gas futures are useful to monitor for both natual gas and electricity consumers. The natural gas futures market drives electricity pricing in many US markets, including Texas and New England. This chart shows the current forward prices for natural gas on the NYMEX exchange for each forward month shown on the horizontal axis compared to the highest and lowest prices for these same forward months over the past 12-month period. 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 maxima; a score close to 100 indicates that current prices are close to their historic minima.

Weather Forecast



For the period May 2 - 6, 2009

This chart measures how temperatures for this week compare 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

Market Assessment

Crude oil, heating oil, and natural gas prices all decreased over the course of last week. Crude oil prices dropped early in the week but rebounded slightly on Thursday and Friday as the US dollar weakened against the euro and U.S. stocks rose, signaling a potential increase in industrial demand. Natural gas prices followed the opposite trend, falling in the latter half of the week as the Commerce Department reported a decrease of almost 1% in orders for US durable goods in March. Natural gas price for the prompt month (currently May) fell to its lowest point since September 2002. The decrease in prices comes even as the oil and gas firm Baker Hughes released a report showing that the number of oil and natural gas rigs used for production or exploration has fallen to the lowest point since March 2003 and also that rigs have reduced by half since this past November. As of Monday morning, prices for all three commodities were falling.

Overall, NYMEX natural gas futures prices for the next 12 months fell an average of 8% between Friday, April 24th, and the previous Friday. The nearest 6 months each fell over 10%. The May 2009 contract decreased 11.6% to $3.297 per MMBtu, the lowest-priced futures contract for delivery in the next 12 months. The February 2010 contract fell 4% to $5.72 per MMBtu on Friday, the highest-priced natural gas futures contract for the same period.

NYMEX crude oil prices for delivery the next 12 months decreased 3% on average, excluding the May 2009 contract which closed on April 21st. The June 2009 contract fell 2% over the week and was the least expensive at $51.55 per barrel, while the May 2010 contract was the most expensive at $61.18 per barrel. Heating oil prices for contracts with delivery in the next 12 months fell an average of 3.5% on the NYMEX last week, with the summer contracts decreasing the most. The current prompt month, May 2009, settled at $1.37 per gallon on Friday, down 4% from the previous Friday. The April 2010 contract, at $1.629 per gallon, was the highest priced contract for the same period.

The EIA reported that for the period of April 10 - April 17, crude oil stocks and propane stocks increased by 3.9 million barrels and 0.6 million barrels respectively. Distillate stocks (including heating oil) also rose by 2.7 million barrels and gasoline stocks increased by 0.8 million barrels. Inventories for all four products are currently above their 5-year average range.

The National Weather Service forecasts warmer than normal temperatures for the Southwest and northeastern United States but colder than normal temperatures for the Midwest states (see map above). Energy prices, especially natural gas, remain very attractive compared to historical levels. Most clients with contracts expiring in 2009 should seriously consider hedging remaining energy costs through the end of the calendar year. Clients with contracts expiring in 2010 or even 2011 could also benefit from extending their hedged position. Hedging decisions are very dependent on unique budgetary circumstances and goals and clients should consult with their representatives at CES or CETX for customized assistance.

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