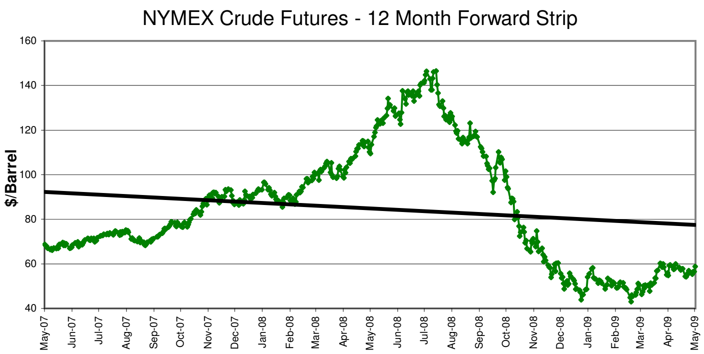
COMPETITIVE ENERGY SERVICES
CETX ENERGY AGENCY

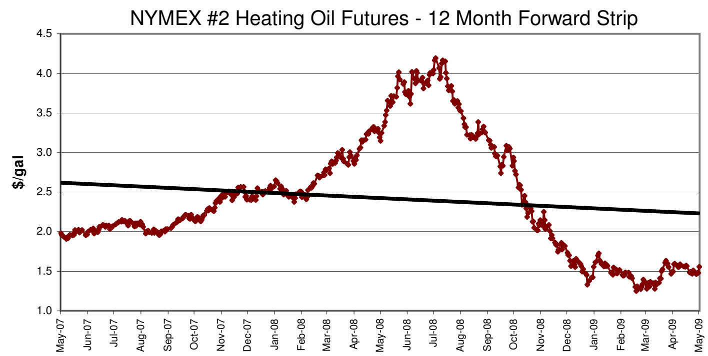
MARKET SUMMARY

VIII - Issue 18 **WEEK ENDING 5/1/09**

Oil Market

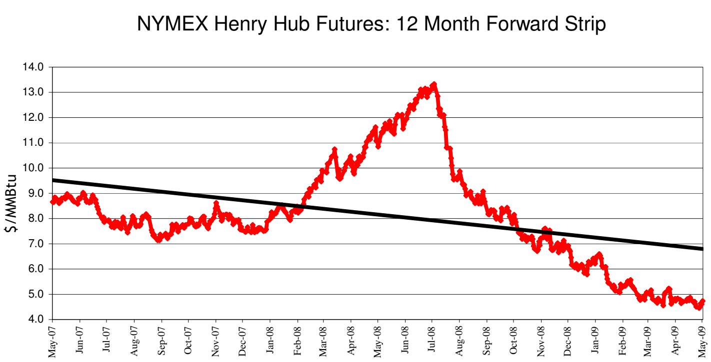


The May 2009 crude oil contract expired on April 21st at $46.51/barrel on the NYMEX. June is currently the prompt month. As of May 1st, the 12 month NYMEX forward strip starting June 2009 was $58.78/barrel, up 3% from the previous week. The current price is 37% above the 24 month low set on February 18th at $43.06/barrel. Strip prices are 60% below the 24 month high for the 12 month strip, which was set July 14, 2008 at $146.44/barrel.

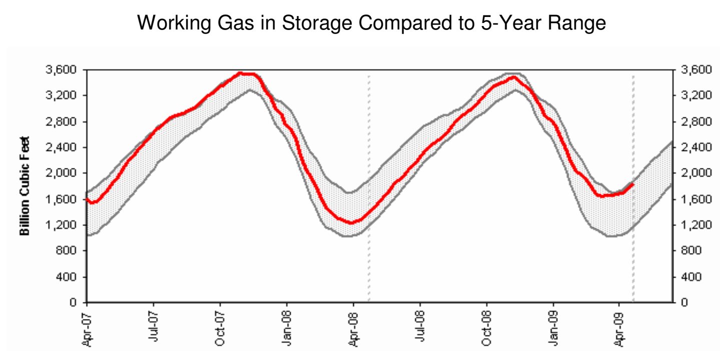


The May 2009 heating oil contract expired on April 30th at $1.315/gal. June is currently the prompt month. As of May 1st, the 12 month NYMEX forward strip starting June 2009 was $1.56/gal. This is up 3% from the previous week and is 24% above the 24 month low set at $1.25/gal on February 18th, 2009. Strip prices are 63% 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 May 2009 natural gas contract expired on April 28th at $3.321/MMBtu. June is currently the prompt month. As of May 1st, the 12 month NYMEX strip starting June 2009 was $4.73/MMBtu, up 5% from last week. This is 6% above the 24 month low, set April 27th at $4.45/MMBtu. The current strip price is 64% 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 June 2009 were $5.13/MMBtu, $5.52/MMBtu, $5.98/MMBtu, and $6.26/MMBtu respectively.

The EIA (Energy Information Administration) reported that natural gas in storage was 1,823 Bcf as of Friday, April 24, 2009. This implies a net injection of 82 Bcf for the week, compared to last year's injection of 77 Bcf for the same report week and the 5-year average injection of 69 Bcf. Gas in storage was about 34% above last year's level and 23% above the 5-year average.

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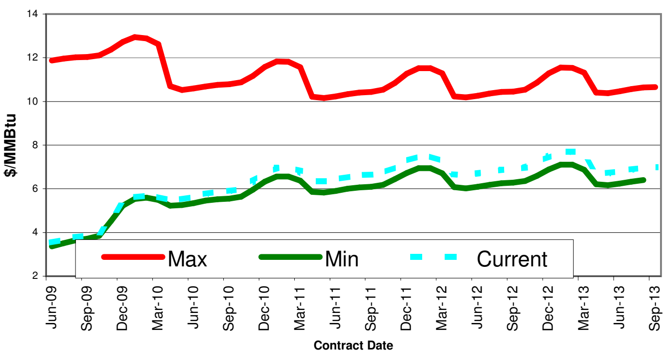
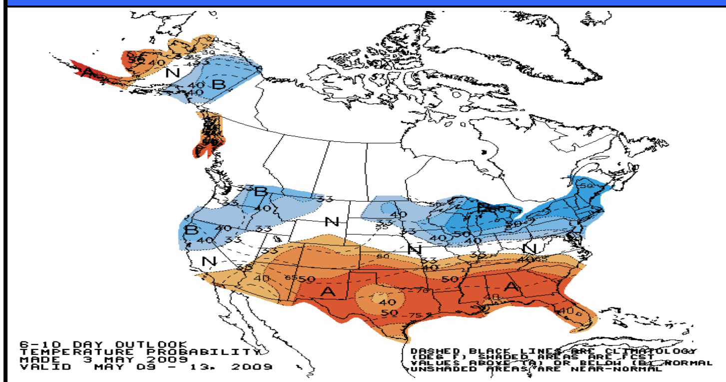
NYMEX Natural Gas Forwards vs. 1 Year Range



Score 12 Month Forward Strip	**98**
Score 24 Month Forward Strip	**95**
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 9 - 13, 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 increased over the course of last week. Crude oil fell early last week due to fears about the impact of swine flu on the global economy. Also, the American Petroleum Institute issued a report on Tuesday showing stockpiles at their highest point since August 1990. However, on Wednesday U.S. equities gained, signaling a potential increase in demand and raising crude oil prices. Crude oil continued to gain through Friday as consumer confidence showed improvement over March, Chinese manufacturing increased, and OPEC production decreased. Natural gas prices were steady through most of the week but jumped on Friday due to concern that the reduction in gas production rigs could decrease supplies later in the year. Some analysts are projecting that the current dip in natural gas prices cannot be sustained and will lead to a rally in the coming weeks.

Overall, NYMEX natural gas futures prices for the next 12 months rose an average of 1% between Friday, May 1st, and the previous Friday. However, natural gas for the next 6 months all increased while contracts for the furthest 6 months decreased. The June 2009 contract increased 4% to $3.55 per MMBtu but was still the lowest priced futures contract for delivery in the next 12 months. The February 2010 contract fell 0.7% and closed the week at $5.675 per MMBtu, the highest-priced natural gas futures contract for the same period.

NYMEX crude oil prices for the next 12 months increased 3% on average, with all contracts increasing around 3% consistently. The June 2009 contract was the least expensive at $53.20 per barrel, while the May 2010 contract was the most expensive at $63.25 per barrel. Heating oil prices for contracts with delivery in the next 12 months rose an average of 1.4% on the NYMEX last week, with the farthest contracts increasing the most. The current prompt month, June 2009, settled at $1.39 per gallon on Friday, up 0.2% from the previous Friday. The May 2010 contract, at $1.6734 per gallon, was the highest priced contract for the same period.

The EIA reported that for the period of April 17 - April 24, crude oil stocks and propane stocks increased by 4.1 million barrels and 1.7 million barrels respectively. Distillate stocks (including heating oil) also rose by 1.8 million barrels while gasoline stocks decreased by 4.7 million barrels. Inventories for crude oil, propane, and distiallate products are currently above their 5-year average range while gasoline stocks are at the high end of the 5-year average range.

The National Weather Service forecasts normal or colder than normal temperatures for the northern half of the United States while the southern half is expected to be warmer than normal (see map above). Energy prices 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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