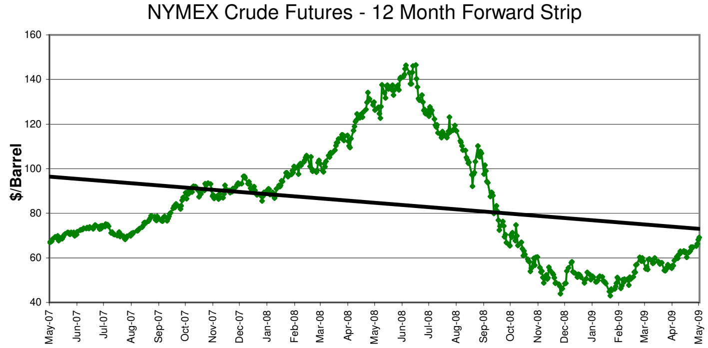
COMPETITIVE ENERGY SERVICES
CETX ENERGY AGENCY
MARKET SUMMARY

VIII - Issue 22 **WEEK ENDING 5/29/09**

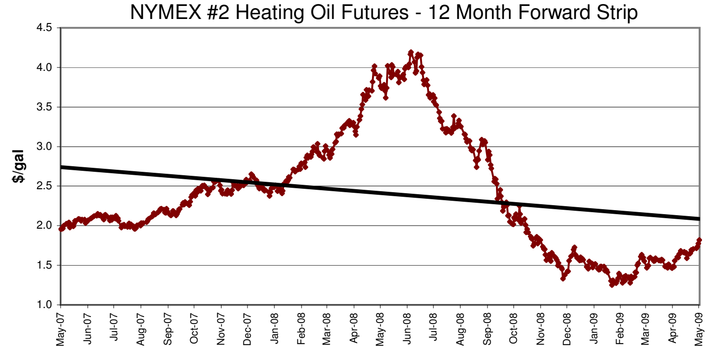
Oil Market

NYMEX Crude Futures - 12 Month Forward Strip



The June 2009 crude oil contract expired on May 19th at $59.65/barrel on the NYMEX. July is currently the prompt month. As of May 29th, the 12 month NYMEX forward strip starting July 2009 was $69.14/barrel, up 7% from the previous week. The current price is 61% above the 24 month low set on February 18th at $43.06/barrel. Strip prices are 53% below the 24 month high for the 12 month strip, which was set July 14th, 2008 at $146.44/barrel.

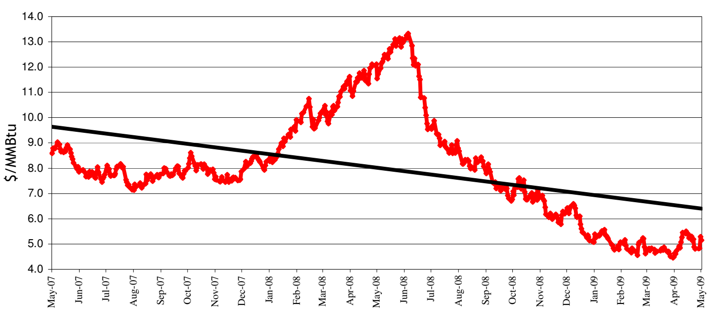
NYMEX #2 Heating Oil Futures - 12 Month Forward Strip



The June 2009 heating oil contract expired on May 29th at $1.642/gal. July is currently the prompt month. As of May 29th, the 12 month NYMEX forward strip starting June 2009 was $1.82/gal. This is up 7% from the previous week and is 45% above the 24 month low set at $1.25/gal on February 18th, 2009. Strip prices are 57% below the 24 month high, set on July 3rd at $4.19/gal.

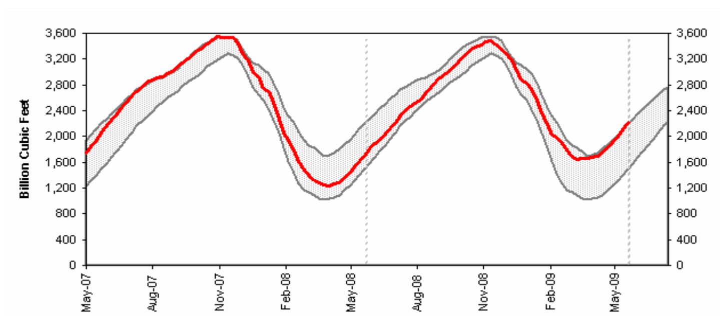
Natural Gas Market

NYMEX Henry Hub Futures: 12 Month Forward Strip



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.

Working Gas in Storage Compared to 5-Year Range



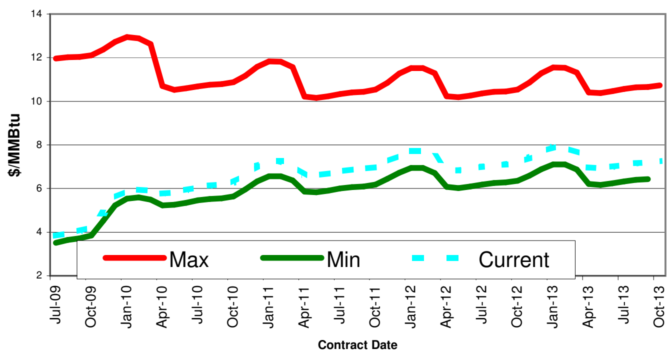
This chart shows the amount of natural gas in storage at each point in time compared to the highest and lowest amounts over the past 5 years (shown as shaded region). When current storage levels approach their lowest levels, gas markets will be tight during the winter months and prices can be expected 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 June 2009 natural gas contract expired on May 27th at $3.54/MMBtu. July is currently the prompt month. As of May 29th, the 12 month NYMEX strip starting July 2009 was $5.15/MMBtu, up 7% from last week. The current strip price is 16% above the 24 month low, set April 27th at $4.45/MMBtu, and 61% 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 $5.56/MMBtu, $5.90/MMBtu, $6.32/MMBtu, and $6.57/MMBtu respectively.

The EIA (Energy Information Administration) reported that natural gas in storage was 2,213 Bcf as of Friday, May 22nd, 2009. This implies a net injection of 106 Bcf for the week, compared to a 5-year average injection of 91 Bcf and a 87 Bcf injection for the same report week last year. Gas in storage was about 31% above last year's level and 22% above the 5-year average.

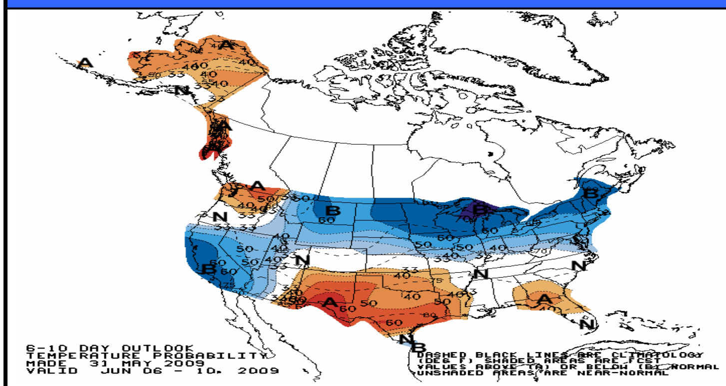
NYMEX Natural Gas Forwards vs. 1 Year Range



Score 12 Month Forward Strip	**94**
Score 24 Month Forward Strip	**90**
Score 36 Month Forward Strip	**87**

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 June 6 - 10, 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

Despite last week being a four-day trading week, all three commodities managed to rally. Crude oil and heating oil rose steadily every day as the US dollar weakened and Asian countries reported a growth in manufacturing. First-quarter manufacturing rose in China and Japan, and India's economy expanded at a faster rate than expected. Meanwhile, even though OPEC members are starting to put more crude oil into the market in response to higher prices, official output quotas have been held steady. Although US demand has not recovered and global and domestic stockpiles are high relative to historic averages, any sign of a global recovery is fueling optimism and driving up oil prices. Natural gas experienced the same rally but fell on Friday after the EIA released its weekly report which showed an injection of 106 Bcf, larger than any weekly injection in 2008. As of Monday morning, the crude oil price for the prompt month had reached a seven-month high and natural gas prices were rising also.

Overall, NYMEX natural gas futures prices for the next 12 months rose an average of 3.1% between Friday, May 29th, and the previous Friday. The July contract rose 5.5% to end the week at $3.835 per MMBtu, the cheapest contract in this period. The February 2010 contract closed the week at $5.934 per MMBtu, the highest priced natural gas futures contract for the same period.

NYMEX crude oil prices for the next 12 months rose 6.6% on average. The July contract rose 7.5% to end the week at $66.31 per barrel, the least expensive contract for this period. The June 2010 contract was the most expensive at $71.19 per barrel. Crude prices jumped 30% in May, the largest monthly increase in a decade. Heating oil prices for contracts with delivery in the next 12 months rose an average of 6.6% on the NYMEX last week, with the nearest contracts increasing the most. Trading on the June contract closed on Friday at $1.64 per gallon. The current prompt month, July 2009, settled at $1.678 per gallon on Friday, up 7.3% from the previous Friday. The May 2010 contract, at $1.93 per gallon, was the highest priced contract for the same period.

The EIA reported that for the period of May 15 - 22, US crude oil stocks decreased by 5.4 million barrels, and gasoline in stock also decreased by 0.3 million barrels. Propane stocks and distillate stocks (including heating oil) increased by 1.3 and 0.3 million barrels respectively. Inventories for crude oil, propane, and distillate products are currently well above their 5-year average range while gasoline stocks are below the 5-year average range.

The National Weather Service forecasts colder than normal temperatures for the Northern US and California, but warmer than normal temperatures for the Pacific Northwest and the rest of the United States (see map above). Energy prices remain very attractive compared to historical levels. Most clients with contracts expiring in 2009 or the first half of 2010 should seriously consider hedging remaining energy costs through the end of the 2010 calendar year. Clients with contracts expiring in the second half of 2010 or in 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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