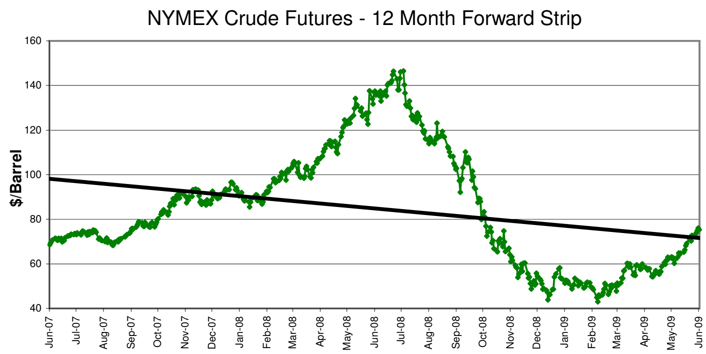
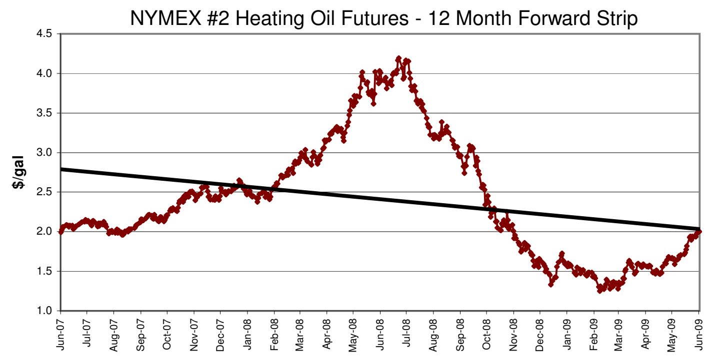
COMPETITIVE ENERGY SERVICES
CETX ENERGY AGENCY
MARKET SUMMARY

VIII - Issue 24 | **WEEK ENDING 6/12/09**

Oil Market

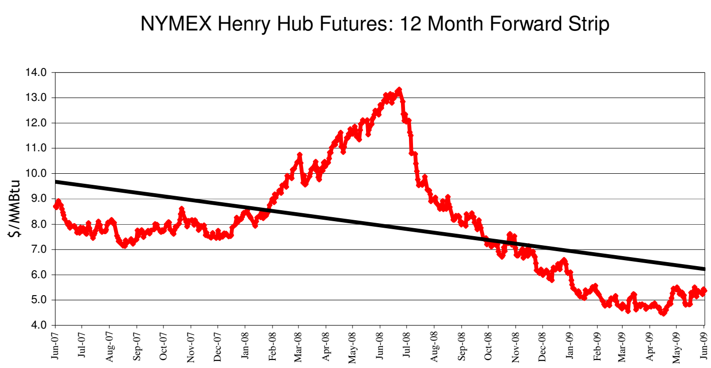


The June 2009 crude oil contract expired on May 19th at $59.65/barrel on the NYMEX. July is currently the prompt month. As of June 12th, the 12 month NYMEX forward strip starting July 2009 was $75.30/barrel, up 4% from the previous week. The current price is 75% above the 24 month low set on February 18th at $43.06/barrel. Strip prices are 49% below the 24 month high for the 12 month strip, which was set July 14th, 2008 at $146.44/barrel.

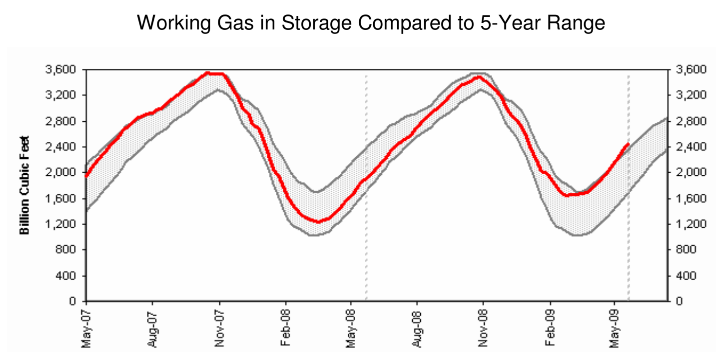


The June 2009 heating oil contract expired on May 29th at $1.642/gal. July is currently the prompt month. As of June 12th, the 12 month NYMEX forward strip starting June 2009 was $2.00/gal. This is up 3.5% from the previous week and is 60% above the 24 month low set at $1.25/gal on February 18th, 2009. Strip prices are 52% 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.



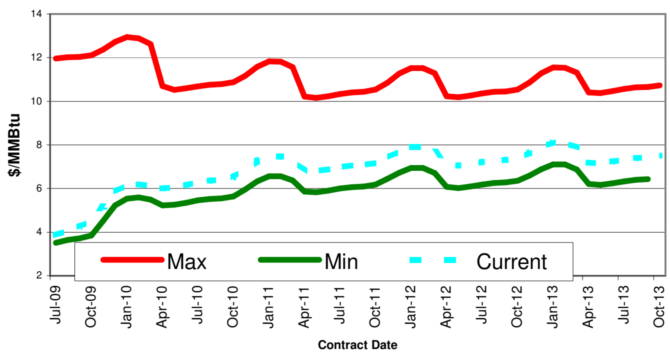
This chart shows the amount of natural gas in storage at each point in time compared to the highest and lowest amounts over the past 5 years (shown as shaded region). When current storage levels approach their lowest levels, gas markets will be tight during the winter months and prices can be expected 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 June 2009 natural gas contract expired on May 27th at $3.54/MMBtu. July is currently the prompt month. As of June 12th, the 12 month NYMEX strip starting July 2009 was $5.37/MMBtu, the same as last week. The current strip price is 20% above the 24 month low, set April 27th at $4.45/MMBtu, and 60% 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 $5.78/MMBtu, $6.12/MMBtu, $6.53/MMBtu, and $6.78/MMBtu respectively.

The EIA (Energy Information Administration) reported that natural gas in storage was 2,443 Bcf as of Friday, June 5th, 2009. This implies a net injection of 106 Bcf for the week, compared to a 5-year average injection of 91 Bcf and a 84 Bcf injection for the same report week last year. Gas in storage was about 30% above last year's level and 22% above the 5-year average.

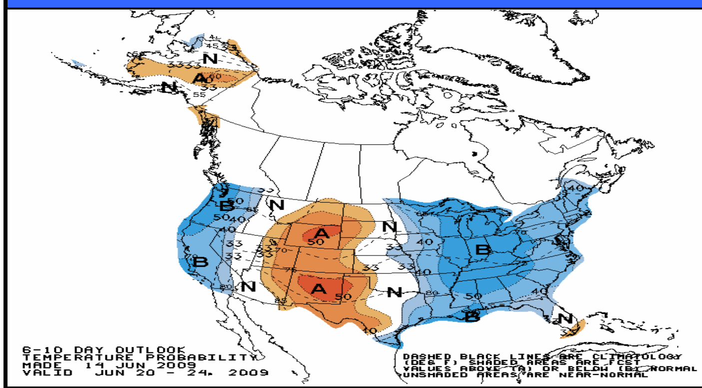
NYMEX Natural Gas Forwards vs. 1 Year Range



Score 12 Month Forward Strip	**91**
Score 24 Month Forward Strip	**86**
Score 36 Month Forward Strip	**83**

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 20 - 24, 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

Natural gas remained steady last week while oil prices saw a fourth consecutive weekly increase. Crude oil prices for the prompt month climbed to a seventh-month high on Thursday as the International Energy Agency raised its global oil demand projection for the first time in 10 months and the weekly EIA report showed a decline in US crude stocks. However, crude prices pulled back on Friday after the European Union released a report showing that European industrial production for April was 21.6% below last year's level, a record drop. Although industrial production rose in China for April and May, analysts are still apprehensive about whether the recent rally in crude prices is justified by the fundamentals. Natural gas followed a different trend and fell every day last week except for Thursday. Optimism of an economic recovery ran high on Thursday after the EIA released its weekly report showing a smaller than projected injection into US gas stocks. However, on Friday gas prices retreated to their levels at the start of the week as traders feared that the slump in industrial demand may remain throughout 2009.

Overall, NYMEX natural gas futures prices for the next 12 months were steady on average between Friday, June 12th, and the previous Friday. The July contract fell 0.3% to end the week at $3.857 per MMBtu, the cheapest contract in this period. The February 2010 contract fell 0.6% and closed the week at $6.196 per MMBtu, the highest-priced natural gas futures contract for the same period.

NYMEX crude oil prices for the next 12 months rose 4% on average, with the nearest contracts increasing the most. The July contract rose 5% to end the week at $72.04 per barrel, the least expensive contract for this period. The June 2010 contract rose 2% and was the most expensive at $77.61 per barrel. Heating oil prices for contracts with delivery in the next 12 months rose an average of 3.5% on the NYMEX last week. The July 2009 contract settled at $1.838 per gallon on Friday, up 3.8% from the previous Friday but still the cheapest contract for this period. The June 2010 contract, at $2.088 per gallon, was the highest priced contract for the same period.

The EIA reported that for the period of May 29 - June 5, US crude oil stocks and distillate stocks (including heating oil) decreased by 4.4 million barrels and 0.3 million barrel respectively while propane stocks increased by 1.4 million barrels. Gasoline in stock continued to decline, falling by 1.6 million barrels since last week. 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 most of the United States except for the Great Plains states, which are projected to be normal or warmer than normal (see map above). Energy prices remain attractive compared to historical levels. Most clients with contracts expiring in 2009 or the first half of 2010 should 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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