



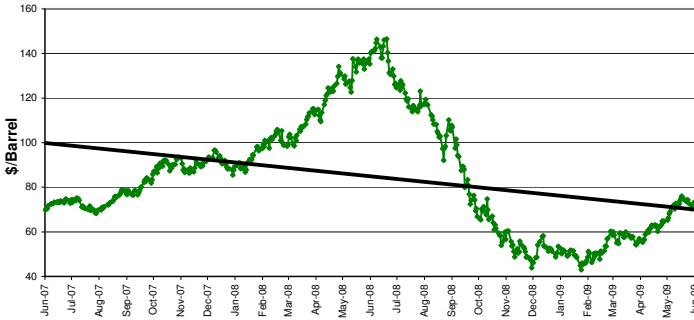
COMPETITIVE ENERGY SERVICES CETX ENERGY AGENCY MARKET SUMMARY

VIII - Issue 26

WEEK ENDING 6/26/09

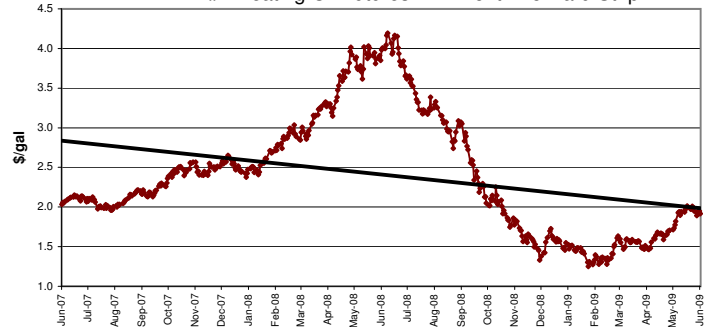
Oil Market

NYMEX Crude Futures - 12 Month Forward Strip



The July 2009 crude oil contract expired on June 22nd at \$66.93/barrel on the NYMEX. August is currently the prompt month. As of June 26th, the 12 month NYMEX forward strip starting August 2009 was \$72.26/barrel, down less than 1% from the previous week. The current price is 68% above the 24 month low set on February 18th at \$43.06/barrel. Strip prices are 50% below the 24 month high for the 12 month strip, which was set July 14th, 2008 at \$146.44/barrel.

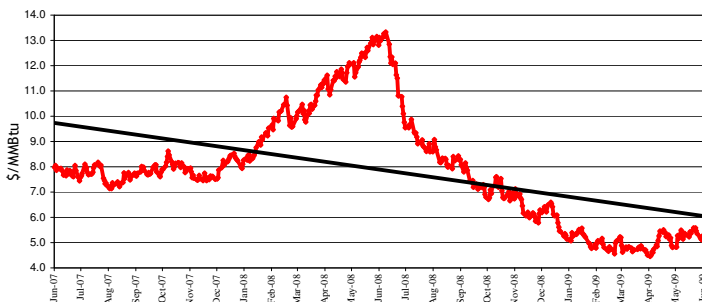
NYMEX #2 Heating Oil Futures - 12 Month Forward Strip



The June 2009 heating oil contract expired on May 29th at \$1.642/gal. July is currently the prompt month. As of June 26th, the 12 month NYMEX forward strip starting June 2009 was \$1.92/gal. This is down 2% from the previous week and is 53% 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.

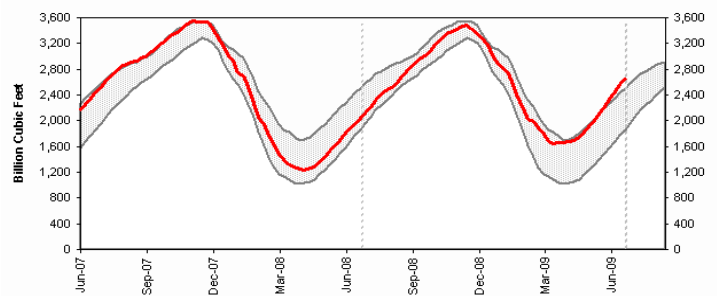
Natural Gas Market

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



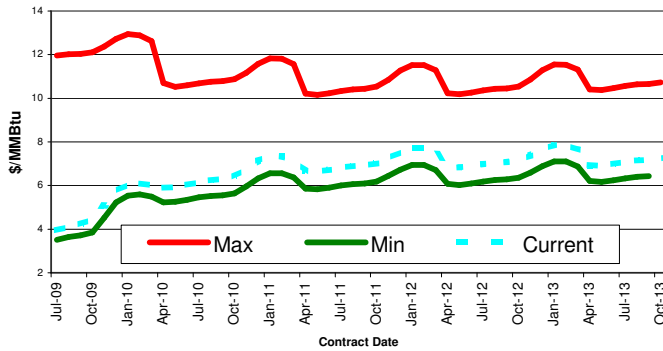
This chart shows the amount of natural gas in storage at each point in time compared to the highest and lowest amounts over the past 5 years (shown as shaded region). When current storage levels approach their lowest levels, gas markets will be tight during the winter months and prices can be expected 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 July 2009 natural gas contract expired on June 26th at \$3.95/MMBtu. August is currently the prompt month. As of June 26th, the 12 month NYMEX strip starting July 2009 was \$5.30/MMBtu, down 1% from last week. The current strip price is 19% 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 \$5.70/MMBtu, \$6.02/MMBtu, \$6.40/MMBtu, and \$6.63/MMBtu respectively.

The EIA (Energy Information Administration) reported that natural gas in storage was 2,651 Bcf as of Friday, June 17th, 2009. This implies a net injection of 94 Bcf for the week, compared to a 5-year average injection of 84 Bcf and a 85 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.

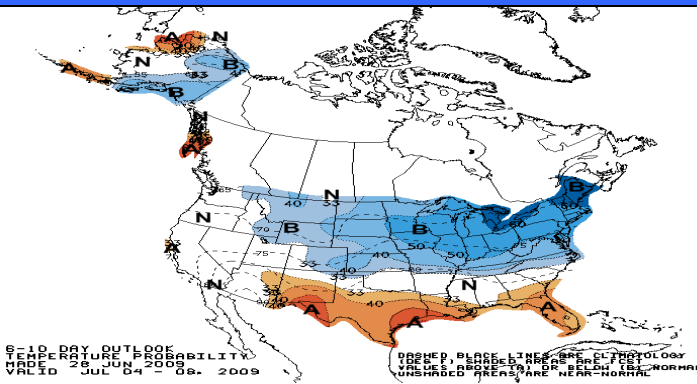
NYMEX Natural Gas Forwards vs. 1 Year Range



Score 12 Month Forward Strip	92
Score 24 Month Forward Strip	88
Score 36 Month Forward Strip	86

Natural gas futures are useful to monitor for both natural 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 July 4 - 8, 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

Prices for crude oil, heating oil, and natural gas all fell over the course of week. Crude oil prices dropped last Monday after the World Bank projected that the global economy will shrink 2.9% this year, worse than its previous projection of 1.7%. Oil prices slowly inched upwards through the rest of the week, bolstered on Thursday by attacks on pipelines in the Nigerian delta. However, rising prices were tempered by an unexpected jump in initial unemployment claims during the previous week, and some analysts fear that current prices are based on optimism and are not justified given the slump in demand. Natural gas prices continued to fall last week due to the slump in industrial fuel demand but ended the downward trend on Thursday after the EIA issued its weekly storage report, which showed a smaller-than-projected injection into storage. Prices continued to rise on Friday in response to the Commerce Department's report that consumer spending increased 0.3% in May, the first rise in three months. As of Monday morning, crude oil was on the rise after new attacks on Nigerian pipelines led Royal Dutch Shell Plc to shut down one of its fields; natural gas was declining due to high inventory and mild weather reducing the need for electricity for air conditioning.

Overall, NYMEX natural gas futures prices for the next 12 months fell 1.2% between Friday, June 26th, and the previous Friday. Trading on the July contract closed on Friday at \$3.949 per MMBtu, the cheapest contract in this period. The contract for August, the new prompt month, closed at \$4.105 per MMBtu. The February 2010 contract fell 0.8% and closed the week at \$6.087per MMBtu, the highest-priced natural gas futures contract for the same period.

NYMEX crude oil prices for the next 12 months fell 1.3% on average, with all months falling consistently. The August contract ended the week at \$69.16 per MMBtu, the lowest priced contract for this period. The July 2010 contract was the most expensive at \$74.41 per barrel. Heating oil prices for contracts with delivery in the next 12 months fell an average of 1.6% on the NYMEX last week. The July 2009 contract fell 3.16% and settled at \$1.73 per gallon on Friday, the cheapest contract for this period. The June 2010 contract, at \$2.01 per gallon, was the highest priced contract for the same period.

The EIA reported that for the period of June 12 - 19, US crude oil stocks decreased by 3.8 million barrels while distillate stocks (including heating oil) rose by 2.1 million barrels. Propane stocks and gasoline stocks increased by 3.6 and 3.9 million barrels respectively. Inventories for crude oil, propane, and distillate products are currently well above their 5-year average range while gasoline stocks are within their 5-year average range.

The National Weather Service forecasts colder than normal temperatures for the states east of the Rockies except for Florida and the central south states, which are projected to be 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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