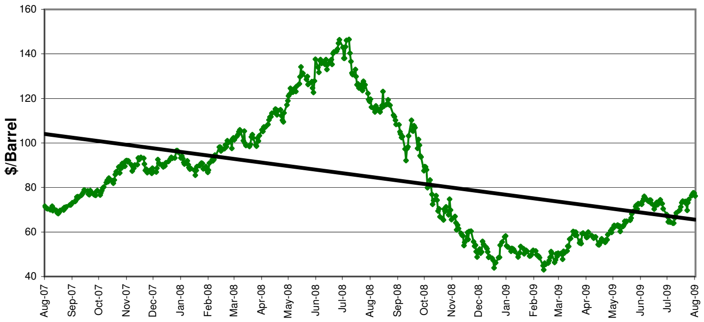
COMPETITIVE ENERGY SERVICES
CETX ENERGY AGENCY

MARKET SUMMARY

VIII - Issue 32 **WEEK ENDING 8/7/09**

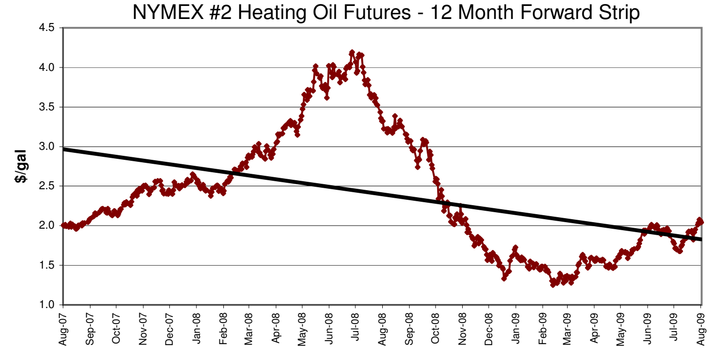
Oil Market

NYMEX Crude Futures - 12 Month Forward Strip



The August 2009 crude oil contract expired on July 21st at $64.72/barrel on the NYMEX. September is currently the prompt month. As of August 7th, the 12 month NYMEX forward strip starting September 2009 was $76.20/barrel, up 2% from the previous week. The current price is 77% above the 24 month low set on February 18th, 2009 at $43.06/barrel. Strip prices are 48% below the 24 month high for the 12 month strip, which was set July 14th, 2008 at $146.44/barrel.

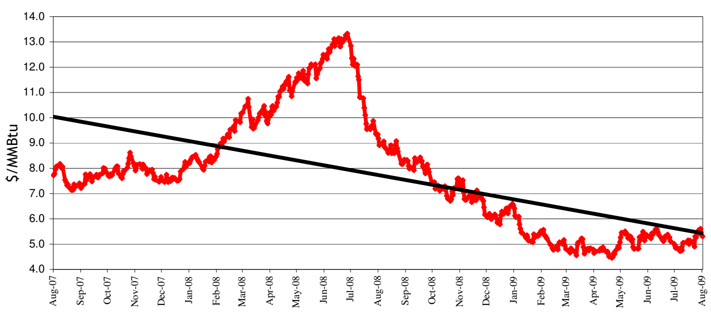
NYMEX #2 Heating Oil Futures - 12 Month Forward Strip



The August 2009 heating oil contract expired on July 31st at $1.79/gal. September is currently the prompt month. As of August 7th, the 12 month NYMEX forward strip starting September 2009 was $2.04/gal. This is up 4.5% from the previous week and is 63% above the 24 month low set at $1.25/gal on February 18th, 2009. Strip prices are 51% below the 24 month high, set on July 3rd, 2008 at $4.19/gal.

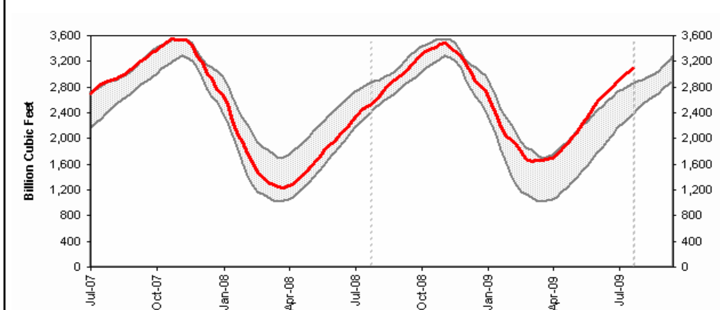
Natural Gas Market

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 August 2009 natural gas contract expired on July 29th at $3.38/MMBtu. September is currently the prompt month. As of August 7th, the 12 month NYMEX strip starting September 2009 was $5.31/MMBtu, up 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, 2008 at $13.33/MMBtu. For comparison the 18, 24, 36, and 48 month NYMEX forward natural gas strips starting September 2009 were $5.74/MMBtu, $5.94/MMBtu, $6.26/MMBtu, and $6.44/MMBtu respectively.

The EIA (Energy Information Administration) reported that natural gas in storage was 3,089 Bcf as of Friday, July 31st, 2009. This implies a net injection of 66 Bcf for the week, compared to a 5-year average injection of 48 Bcf and a 57 Bcf injection for the same report week last year. Gas in storage was about 23% above last year's level and 19% above the 5-year average.

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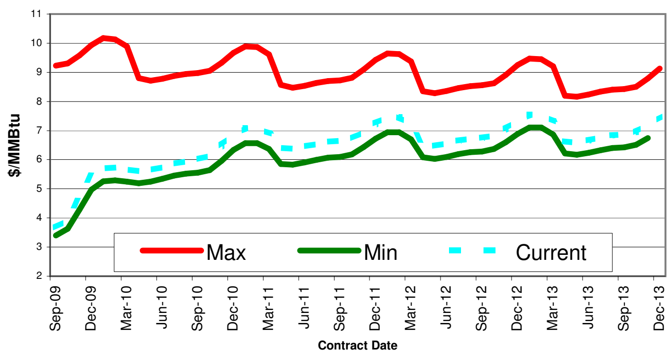
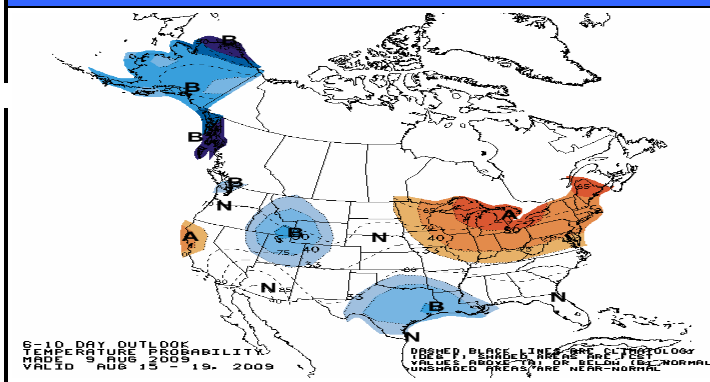
NYMEX Natural Gas Forwards vs. 1 Year Range



Score 12 Month Forward Strip	**90**
Score 24 Month Forward Strip	**86**
Score 36 Month Forward Strip	**84**

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 August 15 - 19, 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

For the fourth consecutive week, crude oil prices inched upwards. Oil rose early in the week in response to a rally in US equities and also a report showing that the contraction in US manufacturing slowed in July. However, these gains were mitigated by a drop at the end of the week after the weekly EIA report showed higher than expected gains in crude oil stocks. Natural gas followed the same trend as crude oil. Thursday's EIA report showed that storage is now at a record high for this point in the injection season and will likely reach an all-time high by the end of the injection season in October, pushing prices down on Thursday and Friday. As of Monday morning, natural gas was rising due to a warmer-than-normal forecast for parts of the US and a weather system off the Eastern coast of Africa which has a 30-50% chance of forming a cyclone. Because there have been no hurricanes so far and the season is approaching its most active time of the year, the markets are watching this tropical system closely.

NYMEX natural gas futures prices for the next 12 months rose 0.7% on average between Friday, August 7th, and the previous Friday. The remaining fall months saw a modest increase, while the upcoming winter months – November, December, and January – were the only months with an increase over 1%. September 2009, the current prompt month, closed last week at $3.674 per MMBtu, the lowest priced contract with delivery in next 12 months. The heating season contracts (November '09 – March '10) closed at an average price of $5.45 per MMBtu. The highest priced natural gas contract in the next 12 months was the August 2010 contract at $5.95 per MMBtu.

Crude oil for the next 12 months rose an average of 2% last week on the NYMEX. The September 2009 contract ended the week at $70.93 per barrel, the lowest priced crude oil futures contract with delivery in next 12 months. The most expensive contract in the next 12 months was August 2010, which closed the week at $79.23 per barrel. NYMEX heating oil futures contracts for delivery in the next 12 months rose 3.3% on average last week. September 2009, the prompt month, closed the week at $1.91 per gallon while the winter heating months averaged $2.03 per gallon Friday.

The EIA reported that for the week ending Friday, July 31st, U.S. crude oil stocks increased by 1.7 million barrels, and stocks remain above historical average. Gasoline inventories fell 0.2 million barrels and are currently at the high end of the average range. Distillate (including heating oil) fell by 1.1 million barrels. This is the first weekly drop since mid-April, and stocks are well above their 5 year range. Propane inventories rose by 0.6 million barrels and are above the average range.

The National Weather Service forecasts warmer than normal weather for the Northeast and Midwest, while Texas and Louisiana are expected to be cooler than normal (see map above). Energy prices are very attractive compared to historical levels. Most clients with contracts before the end of 2010 should seriously consider hedging remaining energy costs through at least the end of the 2010 calendar year. Clients with contracts expiring in 2011 and beyond 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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