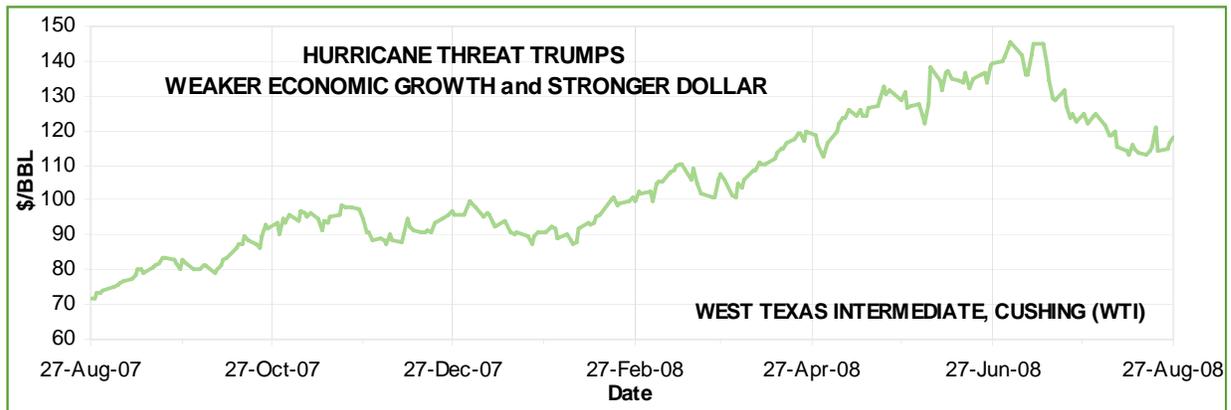


## Crude Oil



A stronger dollar and weak economic growth had caused crude prices to fall from their July record highs. By August 18<sup>th</sup> prices had fallen by 22% (about \$32 a barrel). Since then prices have been rising, initially because of the Russian invasion of Georgia and now because of a hurricane threat in the Gulf of Mexico. As a precaution, companies have already begun to evacuate workers from their oil and gas rigs. Prices have already risen about 5%. Wednesday's spot price was \$118.14. It is \$46 (64%) above last year. The 12 month strip closed Wednesday at \$119.36. This was \$49 (70%) higher than a year ago. U.S. crude inventories were expected to rise by one million barrels this past week. Instead, they fell by 177,000. They are now 8.6% below last year and 1.8% below the five-year average.

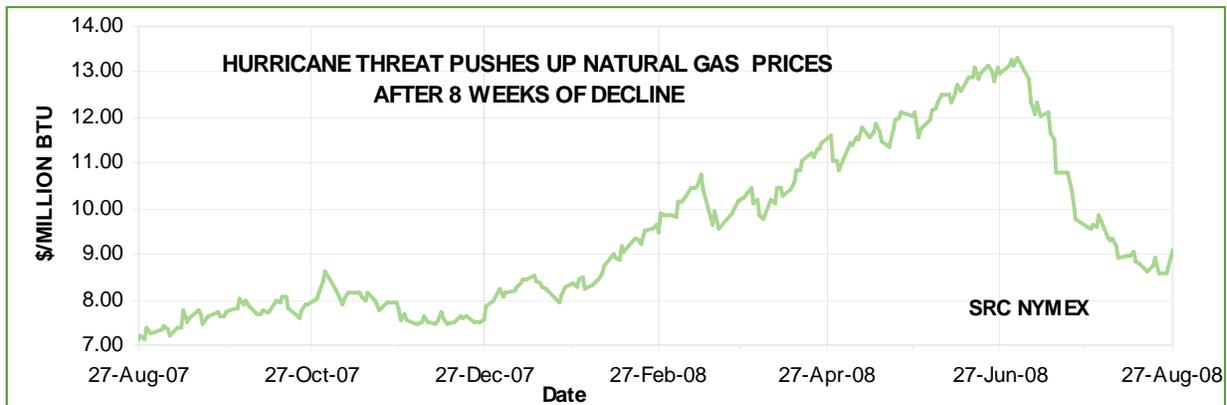


## Natural gas



Natural gas futures prices have fallen by 32% since hitting a high of \$13.334/million BTU on July 3<sup>rd</sup>. Falling crude oil prices, weaker demand, and an improved storage outlook have all contributed to the decline. Wednesday's price was \$9.082, which is 27% (\$1.940) higher than a year ago. It has risen 49¢ in the past three sessions because of fears of a potential hurricane. The spot price peaked at \$13.31 on July 2<sup>nd</sup> and has since fallen to \$8.55, which is 60% (\$3.2) higher than a year ago. Spot prices have also been rising because of the hurricane threat.

This week's gas storage report showed a build of 102 BCF, 79% higher than the five year average and the largest ever for this time period. Current inventories have improved to 6.8% less than last year. Since the end of the heating season, storage injections are 5% above the five year average, helped by a cooler summer, which decreased gas demand for electric generation. A weaker economy has decreased industrial demand. With gas production up by 7% over last year, gas storage should reach adequate levels by the start of the heating season.

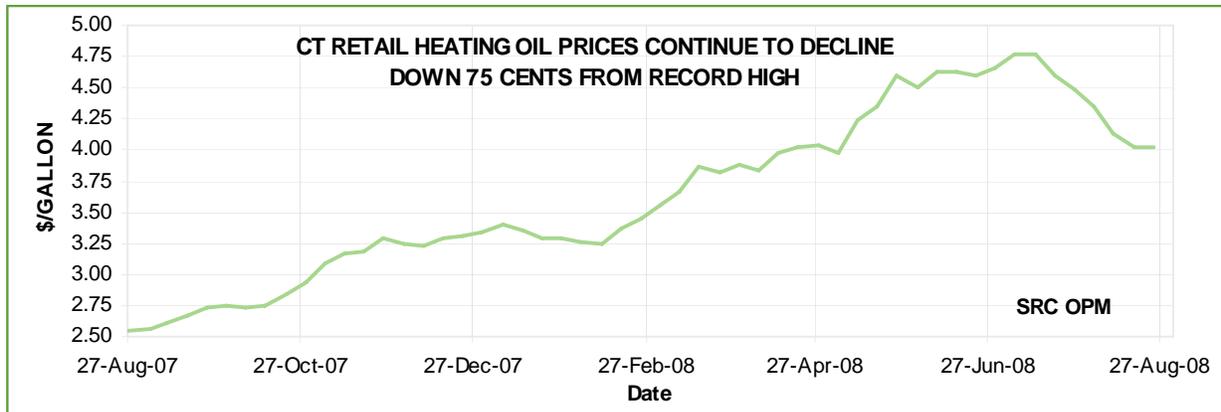


# Heating oil



Worldwide demand for diesel fuel continues to put pressure on heating oil prices. Distillate inventory levels rose by only 57,000 barrels this past week or 1/10<sup>th</sup> of the half million that was expected. Inventories are only 1.9% above last year compared to 4.8% three weeks ago. Inventories are 2.1% above the five year average. The 12 month strip for heating oil has followed crude oil, which continues to set new record highs.

Heating oil prices reached new record highs on July 3<sup>rd</sup>. The 12 month strip hit \$4.195/gallon and is now \$3.328, \$1.311 (65%) higher than a year ago. The heating oil spot price set a record high of \$4.079/gallon and is now \$3.250, \$1.235 (61%) above this time last year. In April the heating oil price broke \$4/gallon for the first time and, except for one week, it has remained above \$4. The new record high of \$4.767 per gallon occurred on July 14<sup>th</sup>. Following the decline in crude prices, heating oil prices have fallen by 75¢ (16%). At \$4.021/gallon, prices are \$1.477 (58%) higher than a year ago. According to census data, 52% of homes in Connecticut heat with oil.



## Connecticut Regional Heating Oil Prices

	FAIRFIELD			HARTFORD			NEW HAVEN		
	AVG	HIGH	LOW	AVG	HIGH	LOW	AVG	HIGH	LOW
27-Aug-07	2.643	2.899	2.499	2.556	2.799	2.299	2.480	2.659	2.228
11-Aug-08	4.430	4.999	4.099	4.118	4.599	3.449	4.032	4.590	3.499
18-Aug-08	4.285	4.999	3.999	4.027	4.490	3.399	3.935	4.399	3.262
25-Aug-08	4.237	4.849	3.999	4.009	4.399	3.549	3.951	4.449	3.302
	LITCHFIELD			MIDDLESEX			TOLLAND-WINDHAM		
	AVG	HIGH	LOW	AVG	HIGH	LOW	AVG	HIGH	LOW
27-Aug-07	2.489	2.699	2.340	2.560	2.649	2.460	2.511	2.599	2.369
11-Aug-08	3.939	3.999	3.899	4.262	4.499	3.950	3.959	4.099	3.800
18-Aug-08	3.943	4.299	3.700	4.114	4.399	3.720	3.857	3.999	3.700
25-Aug-08	3.939	4.299	3.700	4.106	4.399	3.780	3.883	3.999	3.770
	NEW LONDON			OPM conducts a weekly survey of retail heating oil prices in Connecticut. These figures reference the most recent results of that survey for reporting day Monday, August 25, 2008. Figures reflect per gallon prices without discount.  For more information, see <a href="http://www.ct.gov/OPM">www.ct.gov/OPM</a> > Energy Management > Energy Price and Supply Information					
	AVG	HIGH	LOW						
27-Aug-07	2.573	2.690	2.469						
11-Aug-08	4.007	4.319	3.659						
18-Aug-08	3.939	4.199	3.649						
25-Aug-08	3.955	4.199	3.679						

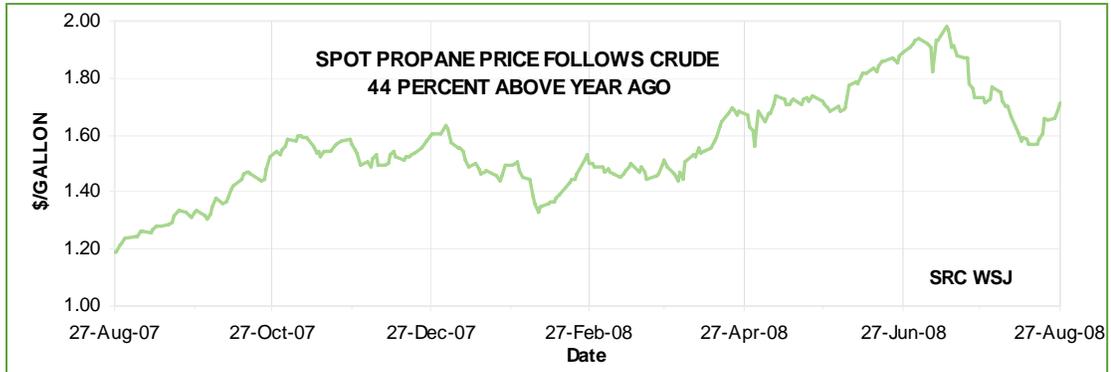
# Propane



After 18 weeks of declines, propane inventories have increased for the 21<sup>st</sup> straight weeks as the seasonal decline in the heating market has lessened demand. Inventories grew by 1.3 million barrels this past week. Inventories are now 4.2% lower than last year and 13% below the five year average.

Propane spot prices generally follow crude oil prices. Spot prices are now at \$1.713/gallon compared to \$1.188 a year ago, an increase of 44%.

According to census data, 2.4% homes in Connecticut are heated by propane.



# Gasoline



Gasoline inventories have declined 10% in the past five weeks, falling by 21.6 million barrels. Because of weak consumer demand, refiners have not been able to pass on costs to consumers and so they have cut production. Inventories are now 0.9% above last year compared to being 6.5% above last year only a month ago. Five weeks ago they were 4.1% above the five year average, now they are 1.4% below the five year average.

Gasoline prices are affected by seasonal demand patterns, fluctuations in crude oil prices, and the impact of refinery outages. There is also a time-lag between changes in crude prices, wholesale gasoline prices, and retail gasoline prices. As a result, gasoline prices do not strictly follow the same path as crude oil prices.

