

Crude Oil



Despite the newly announced OPEC production cuts of 2.2 million barrels per day, spot prices fell to almost \$40/bbl yesterday, their lowest level since July of 2004. The worsening worldwide recession and rising inventories offset the impacts of the falling value of the dollar as well as the proposed production cuts. With the 2 million barrel per day reduction in the fall, OPEC production cuts now total 4.2 million. After reaching record highs in July 2008 in the mid \$140's, crude prices have fallen by more than 65%. The 12 month strip settled at \$51.05 on Wednesday. It is now \$39.22 (43%) lower than a year ago. Spot prices closed at \$40.14/bbl, \$50.50 (56%) lower than last year. Crude inventories grew by 0.5 million barrels this past week compared to an expected decrease of 0.9 million. Inventories have improved to 5.7% above the five-year average and now exceed year ago levels by 7.4%. Inventories have risen in 11 of the past 12 weeks, reflecting the growing weakness in world petroleum demand.



Natural Gas



Futures prices reached a record high of \$13.334 on July 3rd. Despite two major hurricanes disrupting natural gas production, weak demand, a strong inventory outlook, and increases in non-Gulf production have pushed futures prices down 54% below their July 2008 peak. Wednesday's futures prices closed at \$6.127, 18% lower than a year ago. The spot price peaked at \$13.310 on July 2nd and has since fallen to \$5.790, 18% lower than a year ago. Lower crude prices, ample inventories, and anticipated weaknesses in commercial and industrial demand have limited increases in futures prices from normal seasonal heating demand.

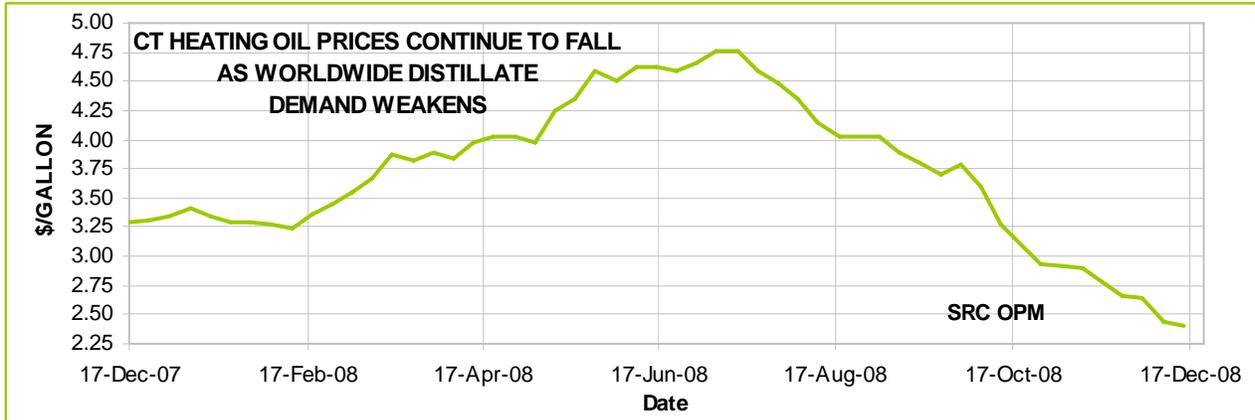
This week's decline in inventories of 124 BCF was slightly less than the five-year average of 128. Inventories are the fourth highest ever for this date. They remain at 1.3% less than last year's record high and they have improved to 3.7% above the five-year average. The strong storage numbers will continue to temper future price increases.





Distillate inventory levels rose by 2.9 million barrels this past week compared to an expected decline of 1.8 million. The inventory deficit compared to last year has reversed itself and is now a surplus of 2.7%. Inventories are now 4.0% above the five-year average after being 2.8% below it only two weeks ago. After setting record highs on July 3rd, futures prices have fallen by 63%. The 12 month strip is now \$1.565/gal, 94 cents (38%) lower than a year ago. The spot price is now \$1.424/gal, \$1.167 (45%) below this time last year. Lower world demand for distillates (diesel fuel and heating oil) has led to the falling prices and rising inventories. Connecticut retail heating oil prices declined by 4.4 cents this past week and have fallen by \$1.44 over the past 3 months. At \$2.400/gal, this week's average price is \$2.37 (50%) below the July 14th peak price. Prices are now 27% (90 cents) lower than a year ago. The highest price in this week's survey was \$3.499 and the lowest was \$1.800

According to census data, 52% of housing units in Connecticut heat with oil.



Connecticut Regional Heating Oil Prices

	FAIRFIELD			HARTFORD			NEW LONDON		
	AVG	HIGH	LOW	AVG	HIGH	LOW	AVG	HIGH	LOW
17-Dec-07	3.447	3.849	3.199	3.294	3.499	3.119	3.285	3.400	3.189
1-Dec-08	2.882	3.149	2.699	2.608	3.490	2.269	2.591	2.799	2.379
8-Dec-08	2.711	2.999	2.499	2.391	3.490	1.960	2.355	2.659	2.069
15-Dec-08	2.678	2.899	2.499	2.364	3.499	1.999	2.291	2.499	2.099
	LITCHFIELD			MIDDLESEX			TOLLAND-WINDHAM		
	AVG	HIGH	LOW	AVG	HIGH	LOW	AVG	HIGH	LOW
17-Dec-07	3.267	3.399	3.090	3.280	3.399	3.200	3.243	3.349	3.190
1-Dec-08	2.465	2.599	2.250	2.757	2.990	2.499	2.499	2.699	2.420
8-Dec-08	2.311	2.499	2.010	2.519	2.799	2.299	2.316	2.599	2.150
15-Dec-08	2.245	2.399	2.100	2.508	2.799	2.150	2.276	2.599	2.120
	NEW HAVEN								
	AVG	HIGH	LOW						
17-Dec-07	3.241	3.499	2.890						
1-Dec-08	2.576	2.999	1.926						
8-Dec-08	2.406	2.599	1.959						
15-Dec-08	2.342	2.699	1.800						

OPM conducts a weekly survey of retail heating oil prices in Connecticut. These figures reference the most recent results of that survey for the reporting week beginning December 15, 2008. Figures reflect per gallon prices without discount.

For more information, see www.ct.gov/OPM > Energy Management > Energy Price and Supply Information

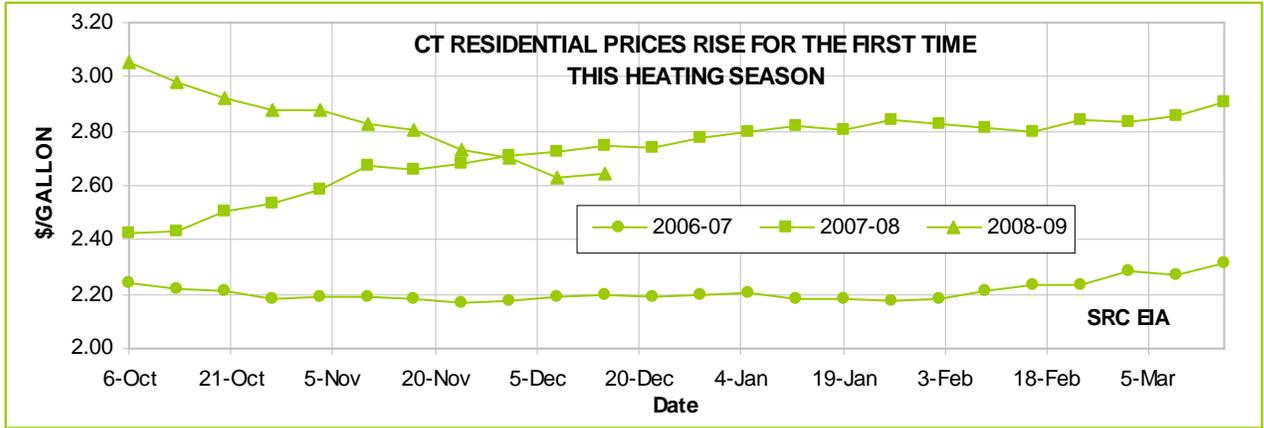
Propane



Propane inventories fell by 2.4 million barrels this past week, slightly less than the normal decline for this time of year. The EIA inventory report showed this week's inventories exceeding last year's level by 0.6%, slightly worse than last week's surplus of 1.9%. Inventories are now only 5.4% below the five-year average.

In this week's residential price survey that OPM performs for the EIA, retail propane prices increased for the first time this heating season. Prices rose by 1.1 cents/gal this past week to \$2.641/gal after falling by 43 cents/gal over the previous 9 weeks. Prices are 3.8% (10.6 cents) less than last year at this time.

According to census data, 2% of homes in Connecticut are heated by propane.



Gasoline



Despite falling gasoline prices which have been a major disincentive to increase or even hold inventories, gasoline inventories continue to grow. They have increased in 10 of the past 12 weeks. They rose by 1.3 million barrels this past week compared to an expected gain of 1.5 million. Because of the very weak demand for gasoline, the spot price of crude oil has actually been higher than the spot price of gasoline. Inventories are 0.2% below last year and are also 0.2% below the five-year average.

Connecticut retail prices peaked at \$4.390/gal on July 9th. They have since fallen by \$2.576 to \$1.814/gal. They are now \$1.404 (44%) lower than a year ago. Connecticut retail prices are now at April 2004 levels. After falling every day for the past 3 months, prices for the past 3 days have either risen or remained flat.

