

## Crude Oil



After falling by \$9.50/bbl over the previous 10 sessions, the crude oil 12 month strip rose by \$1.61 on Wednesday as the price impacts of OPEC production cuts began to take effect. After reaching record highs in July 2008 in the mid \$140's, crude prices have fallen by more than 60%. The 12 month strip settled at \$50.37 on Wednesday. It is now \$37.38 (43%) lower than a year ago. Spot prices closed at \$42/bbl, \$48 (53%) lower than last year at this time.

Crude inventories grew by 6.7 million barrels in last week's report, far exceeding an expected gain of between 0.9 and 1.5 million. Inventories improved to 10.5% above the five-year average and now exceed year ago levels by 14.2%. Inventories have risen in 14 of the past 16 weeks, reflecting the growing weakness in world petroleum demand. While this week's inventory report was expected to show an increase of between 1.4 and 1.9 million barrels, storage actually grew by 6.1 million barrels.



## Natural Gas



Futures prices reached a record high of \$13.334 per million BTU on July 3<sup>rd</sup>. Weak demand, a strong inventory outlook, and increases in non-Gulf production have pushed futures prices down by more than 60%. Wednesday's futures prices closed at \$5.354, 33% lower than a year ago. The spot price peaked at \$13.310 on July 2<sup>nd</sup> and has since fallen to \$4.905, 38% lower than a year ago. Lower crude prices, ample inventories, and weaknesses in commercial and industrial demand have limited increases in futures prices from colder than normal heating demand.

Last week's inventory report showed storage falling by only 94 BCF compared to an expected decline of 104 BCF. The decline was 6 percent above the five-year average of 88 BCF. Inventories are the second highest ever for this time period. They are 1.0% above last year and they are 3.1% above the five-year average. The strong storage numbers will continue to temper future price increases.

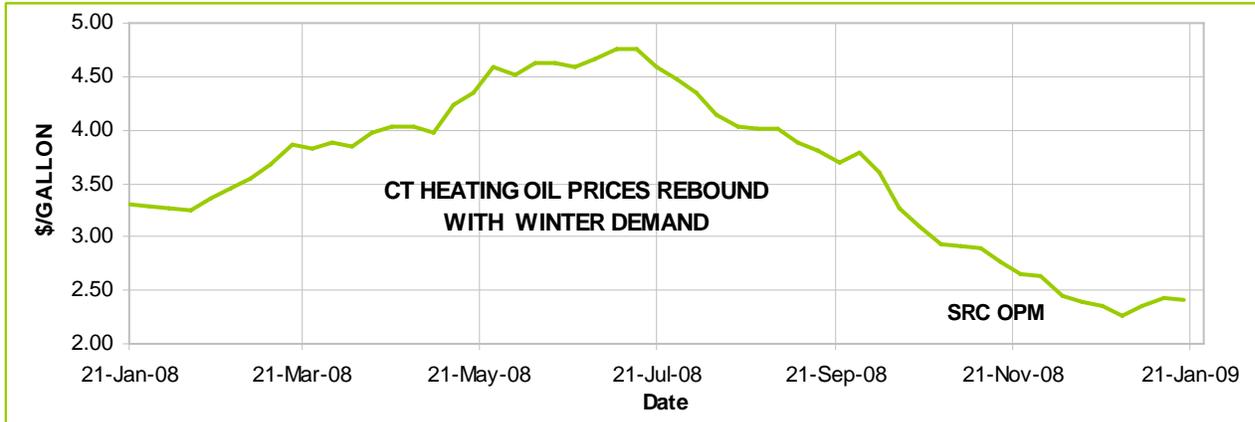


# Heating oil



Distillate inventory levels rose by 6.3 million barrels in last week's DOE's report, more than the 1.1 to 1.7 million that was anticipated. The inventory deficit compared to last year has reversed itself and has become a surplus of 11.3%. Inventories grew to 8.1% above the five-year average after being 1.9% below it only 6 weeks ago. After setting record highs on July 3<sup>rd</sup>, futures prices have fallen by 65%. The 12 month strip is now \$1.487/gal, 94 cents (39%) lower than a year ago. The spot price is now \$1.420/gal, \$1.046 (42%) below this time last year. Connecticut retail heating oil prices fell by 2 cents this past week after increasing by 16 cents over the previous two weeks. Year-end 2008 crude oil price gains and cold weather have contributed to the price increases. At \$2.410/gal, this week's average price is \$2.36 (49%) below the July 14<sup>th</sup> peak price. Prices are now 27% (89 cents) lower than a year ago. The highest price in this week's survey was \$3.490 and the lowest was \$2.050.

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
21-Jan-08	3.510	3.949	3.199	3.277	3.599	3.059	3.229	3.320	3.099
5-Jan-09	2.565	2.799	2.299	2.335	3.490	1.999	2.343	2.599	2.129
12-Jan-09	2.612	2.999	2.399	2.407	3.490	2.060	2.441	2.599	2.269
19-Jan-09	2.591	2.949	2.399	2.415	3.490	2.050	2.411	2.599	2.149
	LITCHFIELD			MIDDLESEX			TOLLAND-WINDHAM		
	AVG	HIGH	LOW	AVG	HIGH	LOW	AVG	HIGH	LOW
21-Jan-08	3.231	3.369	3.040	3.329	3.499	3.100	3.211	3.299	3.120
5-Jan-09	2.199	2.299	2.099	2.389	2.599	2.150	2.206	2.499	2.099
12-Jan-09	2.261	2.399	2.100	2.499	2.699	2.299	2.322	2.599	2.190
19-Jan-09	2.291	2.399	2.150	2.478	2.599	2.290	2.271	2.499	2.179
	NEW HAVEN								
	AVG	HIGH	LOW						
21-Jan-08	3.227	3.490	2.989						
5-Jan-09	2.303	2.539	1.793						
12-Jan-09	2.388	2.699	2.059						
19-Jan-09	2.352	2.599	2.059						

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 January 19, 2009. Figures reflect per gallon prices without discount.

For more information, see [www.ct.gov/OPM](http://www.ct.gov/OPM) > Energy Management > Energy Price and Supply Information

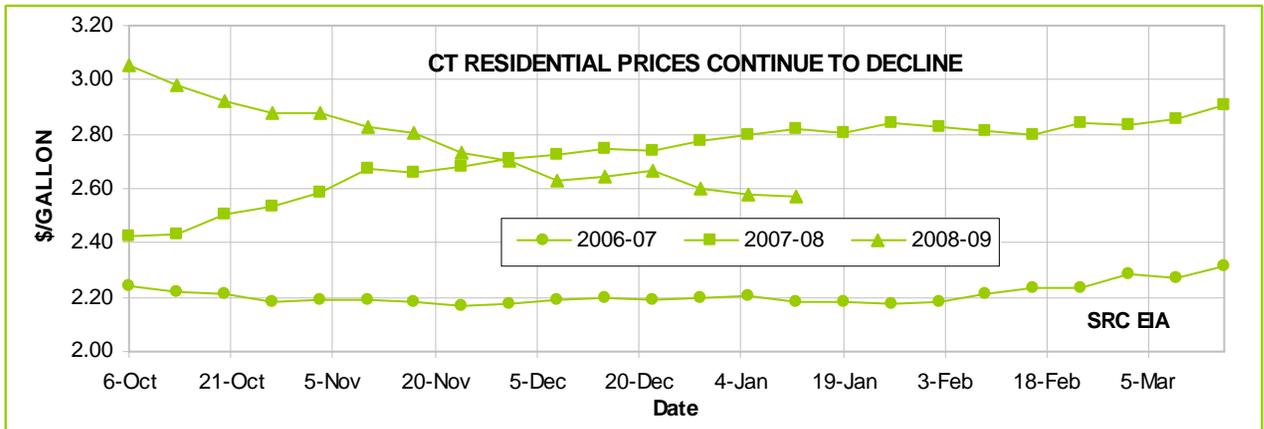
# Propane



Propane inventories fell by 2.6 million barrels in last week's inventory report compared to an average decline of 2.7 million for this time of year. The EIA inventory report showed inventories exceeding last year's level by 8.8%. Inventories are now 3.0% above the five-year average.

In last week's residential price survey that OPM performs for the EIA, retail propane prices fell by 1.0 cents/gal. Prices have fallen by 49 cents/gal (16 percent) since October 6<sup>th</sup> and they are 8.9% (25 cents) less than last year at this time.

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



# Gasoline



Despite low retail gasoline prices which have been a major disincentive to increase or even hold inventories, gasoline inventories continue to grow. They have increased in 14 of the past 16 weeks. They rose by 2.1 million barrels in last week's report compared to an expected gain of only 1.6 to 1.8 million. Because of the very weak demand for gasoline, the spot price of crude oil had actually been higher than the spot price of gasoline. Inventories are 0.5% below last year but are 0.3% above the five-year average.

Connecticut retail prices peaked at \$4.390/gal on July 9<sup>th</sup>. They have since fallen by \$2.49 (57%) to \$1.899/gal. They are now \$1.335 (41%) lower than a year ago. Connecticut retail prices are now at January 2005 levels. After falling to \$1.729 on January 2<sup>nd</sup>, retail prices have been increasing as refinery margins recover to normal levels above zero.

