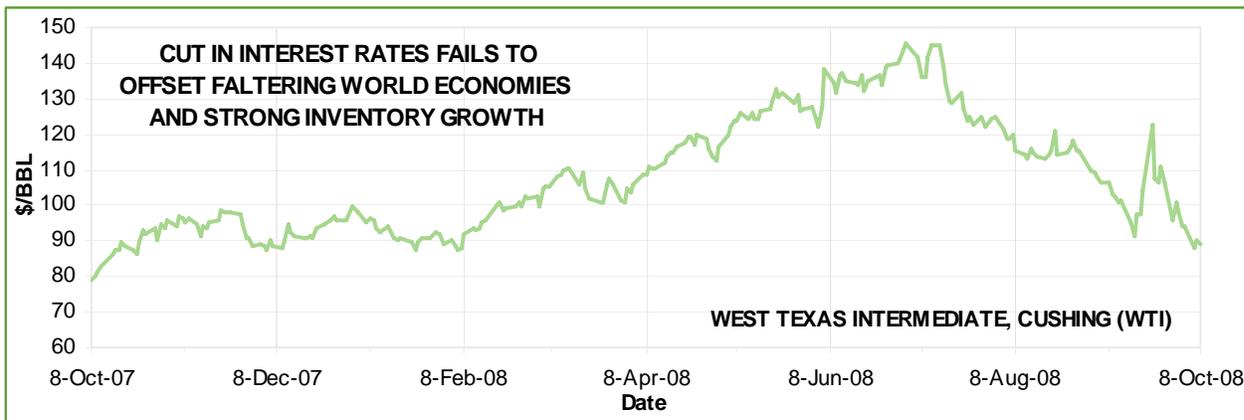


## Crude Oil



Despite falling interest rates and further OPEC production cuts, declining demand and rising economic uncertainty continue to pressure prices. After reaching record highs in July in the mid \$140's, crude prices have fallen to below \$90/barrel. The 12 month strip closed Wednesday at \$89.28. This was \$12.63 (16%) higher than a year ago. Spot prices closed at \$88.91, only \$9.88 (13%) above last year. These are the lowest crude oil prices since February of this year.

An 8.6% decline in the 4 week average U.S. petroleum demand, increased imports, and continued recovery from Ike led to an 8.1 million barrel gain in inventories compared to an expected decline of 1 million. Inventories have improved to 5.6% below last year (8.4% below last week) and 0.3% below the five-year average (2.3% below last week).

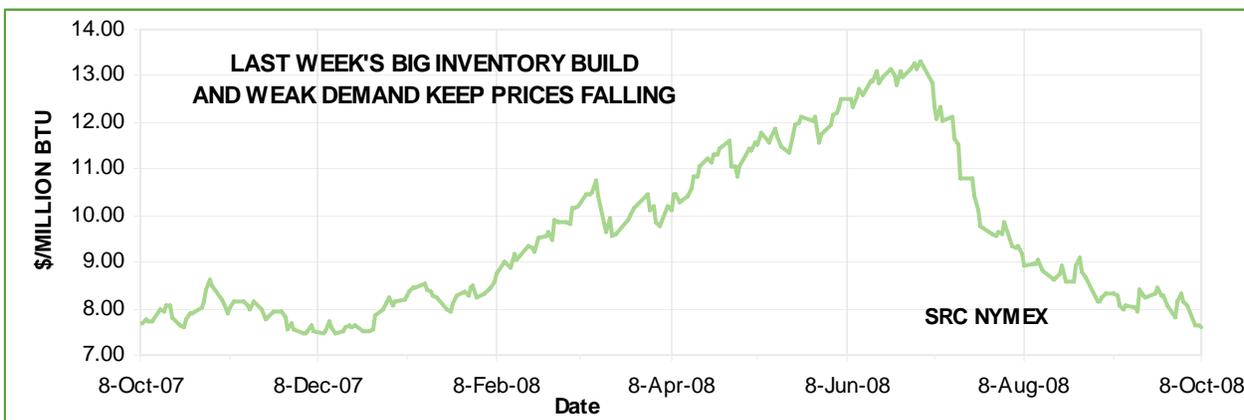


## Natural Gas



Futures prices reached a record high of \$13.33 on July 3<sup>rd</sup>. Despite two major hurricanes disrupting natural gas production, weak demand, a surprisingly strong inventory outlook, and increased production from other areas have driven prices down to below this time last year. Wednesday's futures prices closed at \$7.618, 1.1% lower than a year ago. The spot price peaked at \$13.31 on July 2<sup>nd</sup> and has since fallen to \$6.590, 2.4% less than a year ago. Wednesday's prices would have even been lower except that traders took advantage of the low prices to buy product to put into storage.

Although production continues to be limited by the aftereffects of Gustav and Ike, this week managed to show another large inventory build of 88 BCF. This is 27% higher than the 5 year average and slightly higher than the 85 BCF that was expected. Inventories are only 3.5% less than last year. They are 2.2% above the 5 year average. This week's larger than expected inventory gain will provide additional downward pressure on natural gas prices.

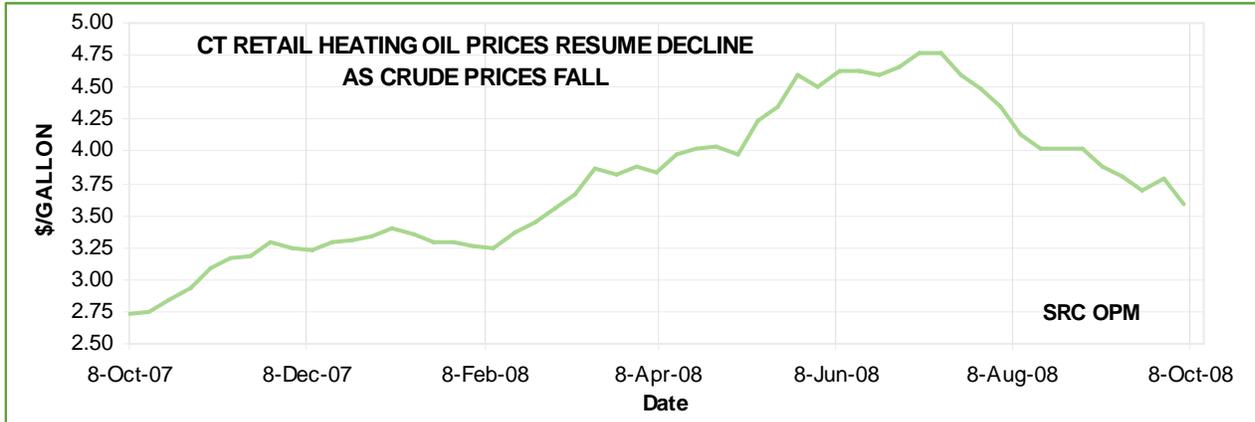




Distillate inventory levels fell by 0.5 million barrels this past week compared to an expected gain of 1 million. Inventories are 9.5% below last year and they are 8.1% below the five year average. The 12 month strip for heating oil continues to track crude oil prices. After setting record highs on July 3<sup>rd</sup>, prices have fallen by more than 38%. The 12 month strip is now \$2.585/gal, 45 cents (21%) higher than a year ago. The spot price is now \$2.466/gal, 32 cents (21%) above this time last year.

Connecticut retail heating oil prices resumed their decline this past week. Prices fell by 20 cents. At \$3.593/gal, prices are \$1.174 (25%) below the July 14<sup>th</sup> peak price. They are 87 cents (32%) above a year ago. The highest price in this week's survey was \$4.150 and the lowest was \$2.822.

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
8-Oct-07	2.844	3.199	2.699	2.703	2.899	2.399	2.759	2.890	2.649
22-Sep-08	3.876	4.299	3.649	3.672	4.099	3.349	3.653	3.799	3.479
29-Sep-08	3.952	4.299	3.749	3.737	4.199	3.299	3.775	3.999	3.579
6-Oct-08	3.768	4.149	3.490	3.561	3.999	3.089	3.567	3.899	3.249
	LITCHFIELD			MIDDLESEX			TOLLAND-WINDHAM		
	AVG	HIGH	LOW	AVG	HIGH	LOW	AVG	HIGH	LOW
8-Oct-07	2.739	2.799	2.620	2.727	2.799	2.640	2.695	2.729	2.629
22-Sep-08	3.583	3.699	3.400	3.784	3.999	3.570	3.547	3.699	3.440
29-Sep-08	3.681	3.799	3.490	3.857	3.999	3.690	3.663	3.849	3.570
6-Oct-08	3.417	3.599	3.290	3.704	3.999	3.370	3.459	3.599	3.350
	NEW HAVEN								
	AVG	HIGH	LOW						
8-Oct-07	2.663	2.840	2.490						
22-Sep-08	3.680	4.040	3.087						
29-Sep-08	3.794	4.150	3.479						
6-Oct-08	3.575	4.150	2.822						

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, October 6, 2008. 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



Unlike crude oil, gasoline, and distillates, propane inventories have been steadily rising. Propane inventories have increased for the 27<sup>th</sup> consecutive week as the seasonal decline in the heating market has lessened demand. Inventory growth was only 0.4 million barrels this past week, but inventories are above last year's level for the first time since June, even if only by 0.6%. Inventories are 8% below the five year average however. Propane spot prices generally follow crude oil prices and they have been falling. Spot prices are now at \$1.179/gal compared to \$1.359 a year ago, a decrease of 13%. This is the first week of our residential propane price survey which is done from October to March. The average Connecticut price was \$3.056/gal. This was 26% above last year at this time.

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



# Gasoline



Continued weak demand and improving refinery utilization rates have led to another strong gain in gasoline inventories. They grew by 7.2 million barrels compared to an expected 2 million. Despite strong gains in the past two weeks, inventories are 3% below last year and are 6.6% below the five year average. They are at their lowest levels since before 1991. Gasoline production continues to suffer from the effects of Gustav and Ike.

Connecticut retail prices peaked at \$4.390/gal on July 9<sup>th</sup>. They have since fallen by 96 cents to \$3.629. This is 56 cents (20%) higher than a year ago. Prices continue to fall as high prices crimp demand. Connecticut prices have been affected much less by the hurricanes than those of many other areas of the country. Normally, Connecticut prices are among the top five in the nation. Today Connecticut again ranked 21<sup>st</sup>. While Connecticut prices spiked by up to 10 cents because of the storms, other states saw their prices go up by 40 to 50 cents/gal.

