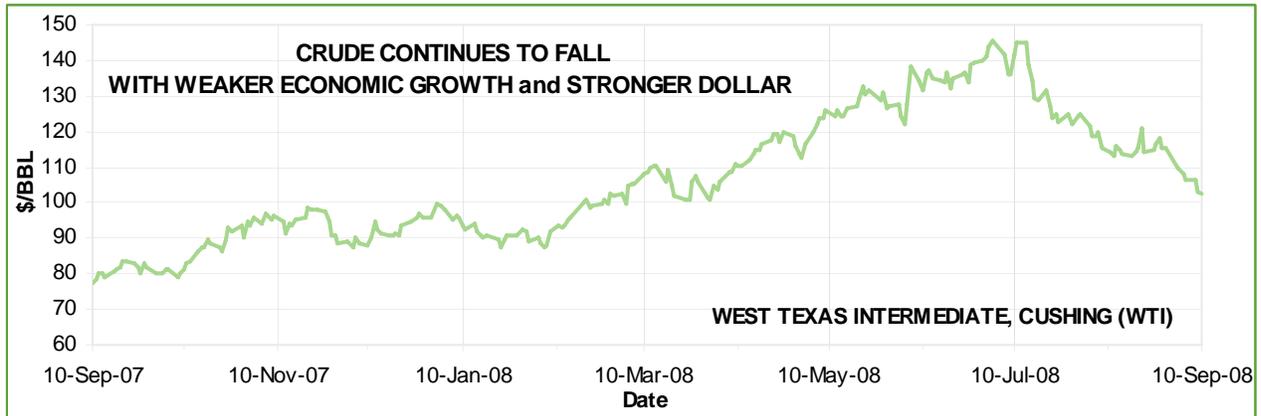


## Crude Oil



Despite an announced output cut by OPEC and hurricanes in the Gulf of Mexico, a stronger dollar (the dollar closed against the Euro at a near one-year high) and weakening demand (the U.S. four week average for petroleum products was down 3.8% from last year) have caused crude prices to fall almost 30% from their July record highs. Wednesday's spot price was \$102.63. It is \$25 (32%) above last year. The 12 month strip closed Wednesday at \$104.08. This was \$30 (41%) higher than a year ago.

U.S. crude inventories were expected to fall by 3.9 million barrels this past week. Instead, they fell by 5.8 million. Over the past 17 weeks they have fallen by 28 million barrels. They are now 8.2% below last year and 2.3% below the five-year average.



## Natural Gas



Despite major hurricanes disrupting natural gas production, futures prices have fallen by 39% 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 \$8.087. Although this is 10% (\$0.71) higher than a year ago, prices are now at their lowest level since January. The spot price peaked at \$13.31 on July 2<sup>nd</sup> and has since fallen to \$7.66, which is 37% (\$2.055) higher than a year ago.

Although production has been affected by Gustav and Ike, this week managed to show an inventory build of 58 BCF, only 26% lower than the 5 year average. Current inventories have improved to 4.8% less than last year and are 2.9% above the 5 year average. With decreased demand and increased production, cumulative storage injections this year are 5% above the five year average and gas inventories should reach adequate levels by the start of the heating season.



# Heating oil



Distillate inventory levels fell by 1.3 million barrels this past week, less than the 2.3 million decline that was expected. Inventories are 2.2% below last year and they are 2% 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 30%. The 12 month strip is now \$2.952, 84 cents (40%) higher than a year ago. The spot price is now \$2.884, \$1.235 (34%) above this time last year.

This week's average retail heating oil price fell below \$4 per gallon for the first time since May 5<sup>th</sup>. At \$3.889 per gallon it is 88 cents below the July 14<sup>th</sup> peak price. It remains \$1.28 (49%) above a year ago. The highest price in this week's survey was \$4.749 and the lowest was \$3.138.

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
10-Sep-07	2.665	2.949	2.499	2.617	2.899	2.449	2.687	2.830	2.599
25-Aug-08	4.237	4.849	3.999	4.009	4.399	3.549	3.955	4.199	3.679
1-Sep-08	4.219	4.849	3.849	3.984	4.399	3.599	3.993	4.199	3.729
8-Sep-08	4.080	4.749	3.849	3.884	4.299	3.399	3.879	4.099	3.569
	LITCHFIELD			MIDDLESEX			TOLLAND-WINDHAM		
	AVG	HIGH	LOW	AVG	HIGH	LOW	AVG	HIGH	LOW
10-Sep-07	2.597	2.699	2.420	2.641	2.699	2.599	2.569	2.600	2.479
25-Aug-08	3.939	4.299	3.700	4.106	4.399	3.780	3.883	3.999	3.770
1-Sep-08	3.969	4.299	3.800	4.106	4.399	3.780	3.869	3.999	3.799
8-Sep-08	3.769	3.999	3.450	3.942	4.199	3.650	3.763	3.849	3.650
	NEW HAVEN								
	AVG	HIGH	LOW						
10-Sep-07	2.538	2.699	2.350						
25-Aug-08	3.951	4.449	3.302						
1-Sep-08	3.963	4.199	3.669						
8-Sep-08	3.829	4.140	3.138						

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, September 8, 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

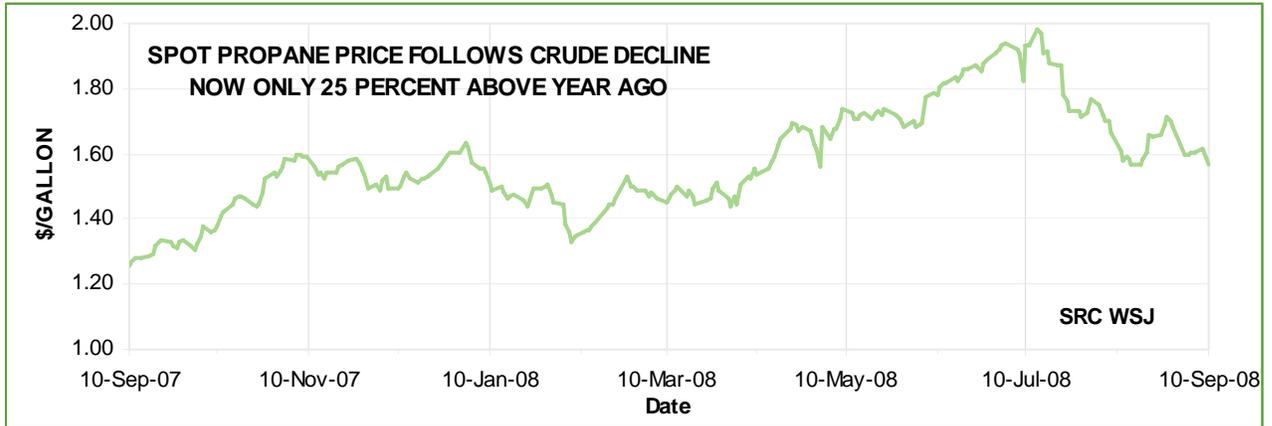
# Propane



Unlike crude oil, gasoline, and distillates, propane inventories increased this past week. Propane inventories have increased for the 23<sup>rd</sup> consecutive weeks as the seasonal decline in the heating market has lessened demand. Inventories grew by 1.5 million barrels this past week. Inventories are now 5.2% lower than last year and 12.4% below the five year average.

Propane spot prices generally follow crude oil prices. Spot prices are now at \$1.57 per gallon compared to \$1.259 a year ago, an increase of 21%.

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



# Gasoline



Gasoline inventories have declined 13% in the past seven weeks, falling by 29.1 million barrels. This past week's inventories fell by 6.5 million compared to an expected 4.7 million decline. Inventories have worsened to 1.4% below last year and are 4.6% 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.

Connecticut retail prices peaked at \$4.390 on July 9<sup>th</sup>. They have since fallen by 61 cents to \$3.785. This is 89 cents (31%) higher than a year ago.

