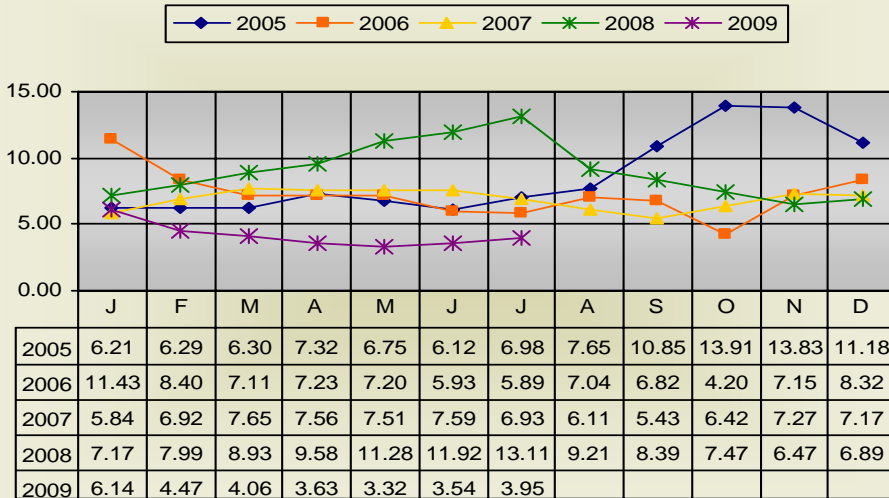


# NATURAL GAS & ELECTRICITY

## NATURAL GAS

Natural gas futures for August on the NYMEX ended \$ 0.035 lower Friday to settle at \$ 3.373 per MMBtu after falling the third consecutive week as increased supply for industrial and power-plant fuel weighed on the natural gas market. Natural gas declined 6.7% on the week and is now within \$ 0.15 per MMBtu of the lows made in April of \$ 3.155. It is more likely getting prepared to retest that level, since much like the crude complex, natural gas fundamentals are simply bearish and approaching record high levels of inventories with the upcoming winter season. Erosion in industrial demand and overproduction in the field have been the two major contributors to surging inventories over 600 Bcf above last year at this time. Furthermore, the weather this summer has been neutral at best resulting in little call for above normal levels of cooling demand. On the financial front, the US Dow and NASDAQ both declined almost two percent on the week as economic conditions continue to weigh on the investor mindset. Second quarter earnings will emerge this week and will be used as a gauge as to how the economy is progressing. They will certainly have a major impact on the financial markets and thus on crude and natural gas prices. Bearishness remains across the board for the entire energy complex to probe for the lower end of the trading range that will more than likely establish the trading range for the rest of the summer. Last week, the EIA reported a storage injection of 75 Bcf, about what was expected, compared to an injection of 89 Bcf a year ago. The report showed that total storage levels of 2.796 Tcf are now 452 Bcf above the five-year average. For this week, look for an injection of about 80 to 90 Bcf. For this week, major resistance is seen at \$ 4.575, with minor at \$ 3.405, while major support is seen at \$ 3.075 and minor at \$ 3.350.

NYMEX HISTORICAL NATURAL GAS PRICES



## Oil Little Changed on Concern Demand Recovery Yet to Occur

By Grant Smith-July 13 (Bloomberg) – Crude oil was little changed near \$60 a barrel in New York amid concerns the global recovery has yet to take root, postponing a rebound in demand for fuel. Hedge-fund managers and other large speculators reduced their net-long position in New York in the week ended July 7, according to the latest data from regulators. Stocks dropped from Dubai to Taipei and Treasuries rose on speculation that government rescue measures have not taken effect. In Nigeria, rebels said they attacked an oil-tanker jetty in Lagos. “Bearish sentiment in the market is persisting,” said Andrey Kryuchenkov, an analyst at VTB Capital in London. “It’s weak, so a move to \$58.30 is possible, but we should consolidate around there.” Oil for August delivery dropped as much as \$1.01, or 1.7 percent, to \$58.88 a barrel in after-hours electronic trading on the New York Mercantile Exchange. It was at \$59.82 a barrel at 11:08 a.m. in London. Oil on July 10 capped its biggest weekly decline since January as U.S. consumer confidence fell and fuel stockpiles in the largest oil consumer rose for a fourth week. New York oil reached an eight-month high of \$73.38 a barrel on June 30. Prices gained 37 percent in the preceding two months as rising equity markets emboldened investors and the falling U.S. dollar steered funds into commodities. Hedge-fund managers and other large speculators reduced their net-long position in New York crude-oil futures in the week ended July 7, according to U.S. Commodity Futures Trading Commission data.

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### NATURAL GAS PRICES

NYMEX	Last	Change
August 09	3.37	-0.04
03 Month Strip	3.52	-0.03
06 Month Strip	4.24	-0.04
12 Month Strip	4.82	-0.05
18 Month Strip	5.26	-0.05

### July 2009 GAS PRICES

Point	Price
NYMEX	3.949
Houston Ship Channel	3.85
Waha Hub	3.39

### EIA GAS STORAGE

Region	Bcf	Change
East	1,349	60
West	434	3
Prod	1,013	12
Total	2,796	75

### ◀ LINKS ▶

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### MCPE AVERAGE

ERCOT	Ave	Change
Houston	31.21	2.70
North	31.21	2.62
West	31.21	4.40
South	31.21	2.76