

NYMEX Energy Markets

Bradford G. Leach

**Senior Director, Electricity and
Natural Gas Research**

NYMEX

USAEE/IAEE

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NYMEX Defined

- Demutualized For-Profit Corporation
- 816 Shares with Trading Rights
- Two Divisions: NYMEX and COMEX
- Open Outcry Floor Trading
- Web-Based Clearing and Trading
- Regulated by Commodity Futures Trading Commission

Primary Economic Functions of the Commodity Exchanges

Price Discovery

Prices are determined:

- in a transparent, competitive market
- by market participants (not the Exchange)
- and disseminated throughout the world instantaneously

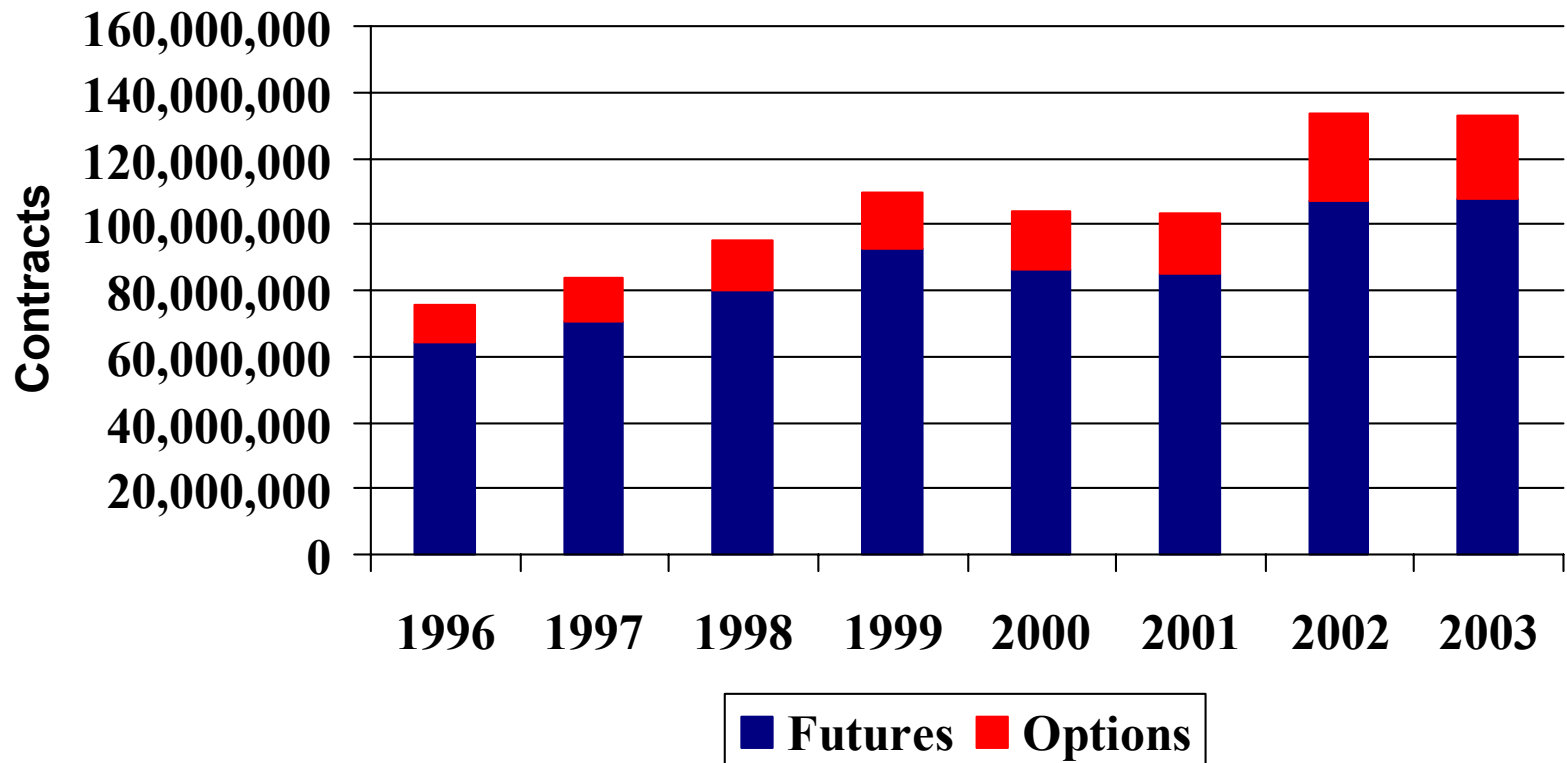
Hedging Function

Price risk is shifted to parties with an inverse risk profile

Why Use NYMEX Futures & Options?

- Volatility of the underlying commodities
- Liquidity of NYMEX traded contracts
- Safety of Exchange traded instruments
- Electronic trading extends the normal trading day to 23 hours

Total Volume of NYMEX Traded Contracts



Energy Market Credit Developments

- Continued Financial Weakness of Merchant Sector
- Dramatic Increase in Credit Risk Recognition
- Significant Reduction in Leverage and Liquidity of Market Participants
- More Demanding Financial Statement Reviews with Rating Changes

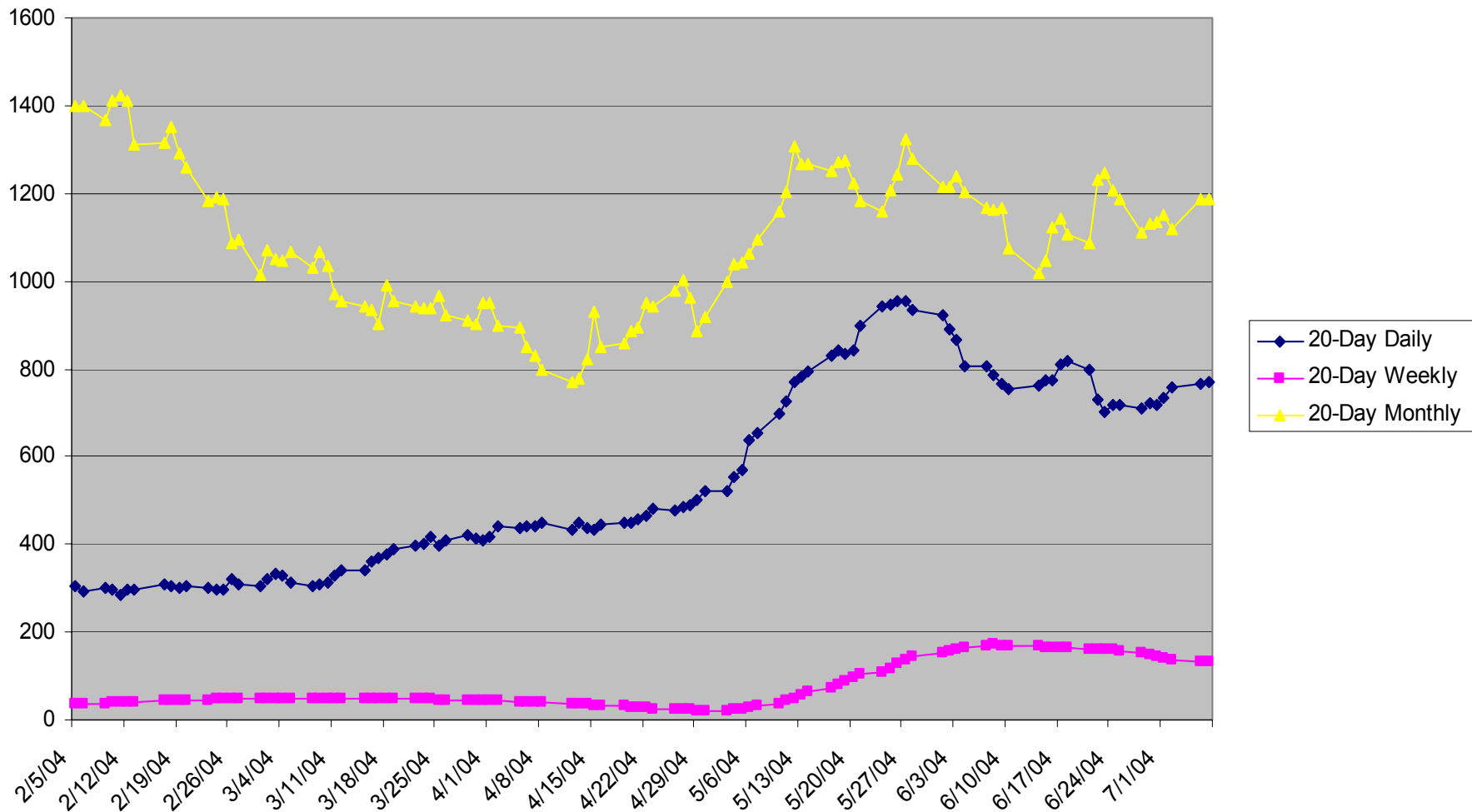
NYMEX Clearporttm

- Web-Based Platform for Trading and Clearing NYMEX Contracts
- OTC Market Use of NYMEX Clearing Protections
- Launched 5/31/02
- Total 2004 Volume: 5,086,810
- Increase of 77% from 2003
- 30 NG Basis Contracts
- 20 CL and Products Contracts
- 13 Electricity Contracts

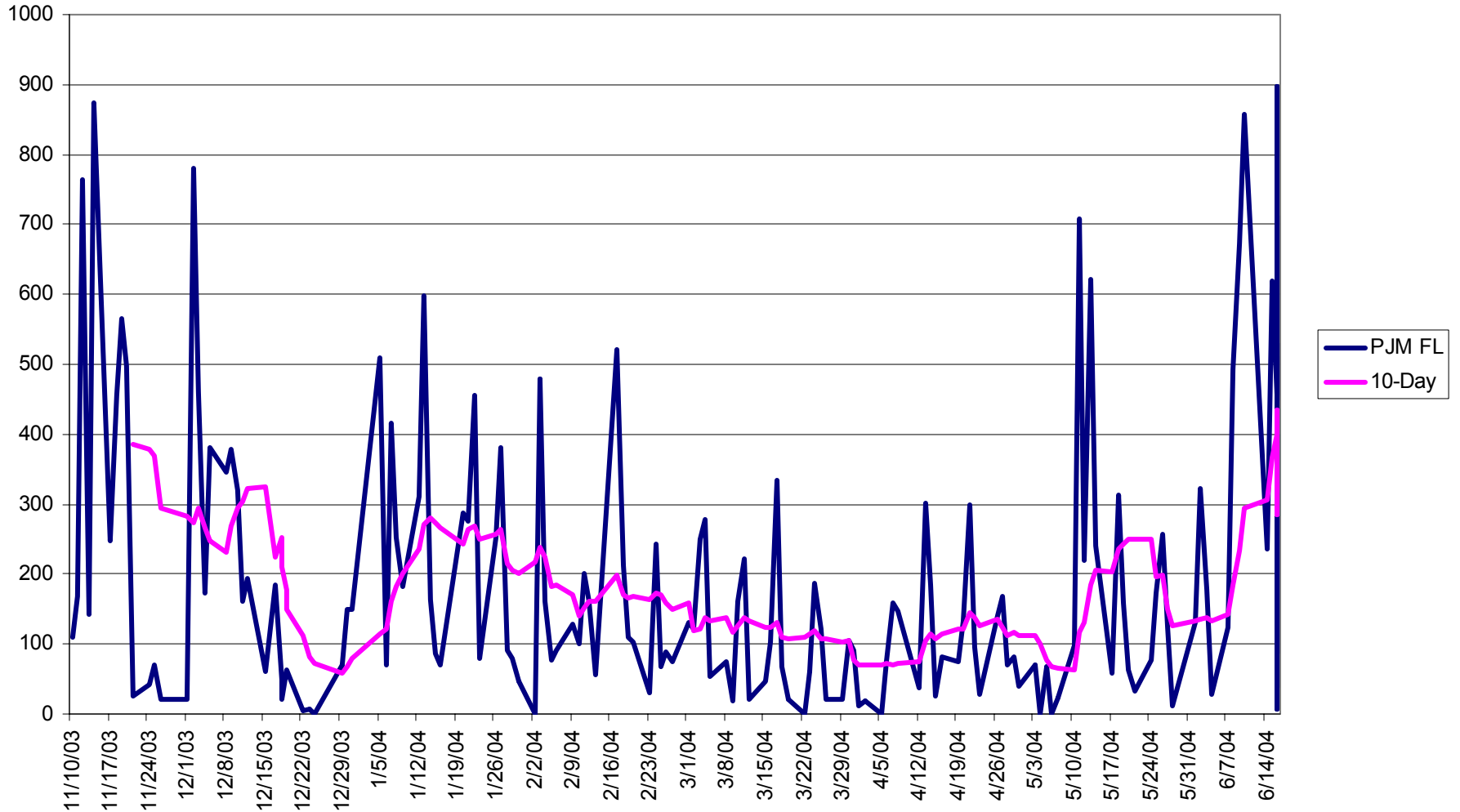
NYMEX Natural Gas and Electricity Contracts

<u>Product</u>	<u>Trade Date</u>
• Natural Gas	1990
• COB Electricity	1996
• Palo Verde Electricity	1996
• Cinergy Electricity	1998
• Entergy Electricity	1998
• PJM Electricity	1999
• Mid-Columbia Electricity	2000
• Cleared Palo, Mid-C, PJM	2002
• Natural Gas Basis Contracts	2002
• NYISO Zones A, G, J	2002
• PJM Monthly Financial	2003
• Additional Natural Gas Basis Contracts	2003
• PJM Daily and Weekly Financial:	2003
• Dow Jones Western Electricity Contracts	2004

NYMEX PJM: Monthly, Weekly, and Daily



NYMEX PJM Monthly Floor Volume



Comparative Historical Volatility

7/6/04

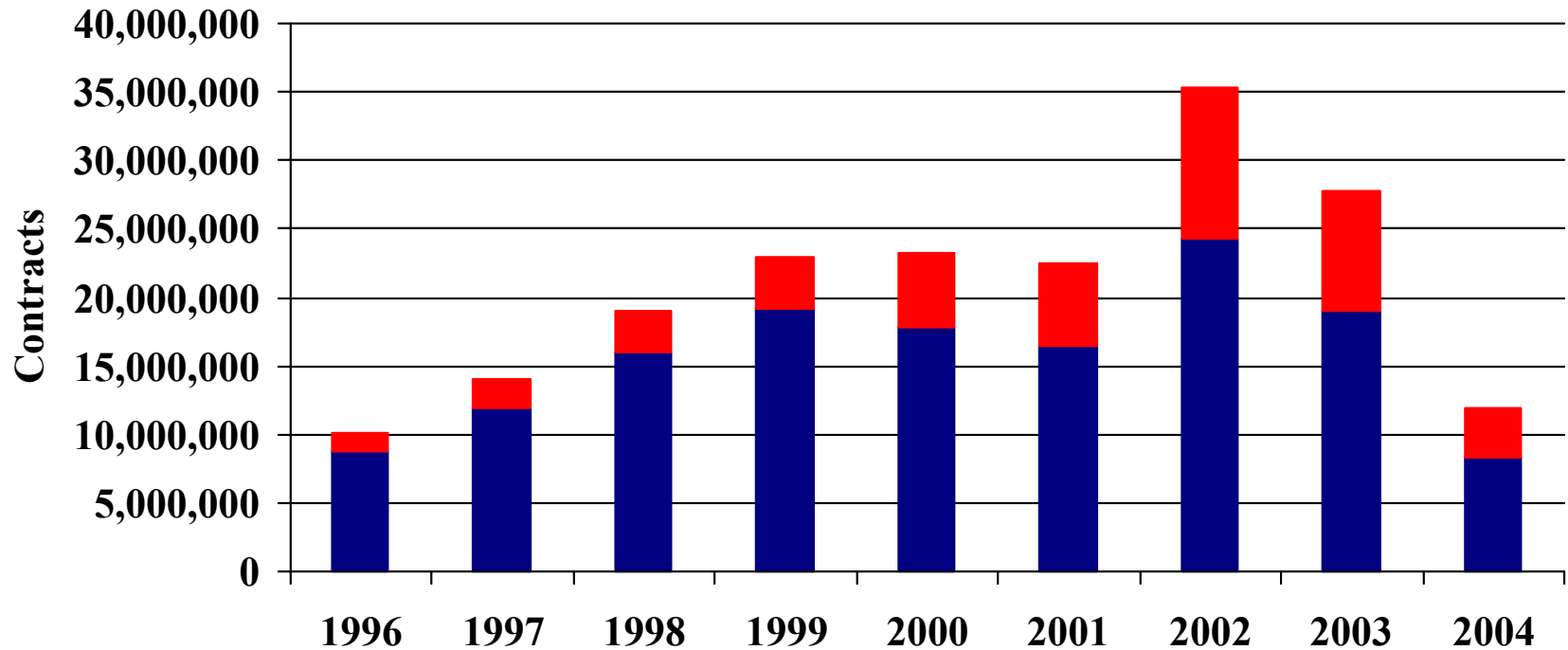
Volatility	10-Day	30-Day	50-Day	100-Day
• Natural Gas	25%	32%	34%	31%
• Crude	43%	44%	38%	32%
• Unleaded Gasoline	51%	46%	39%	34%
• Heating Oil	51%	48%	41%	35%
• Fed Funds	15%	27%	34%	34%
• 10Year Treasury	7%	7%	7%	7%
• EuroDollar 3-Mo	30%	36%	42%	46%
• S&P500	10%	11%	11%	12%
• Gold	18%	16%	18%	18%
• Silver	40%	34%	39%	42%
• Live Cattle	29%	23%	21%	17%
• Yen	10%	12%	13%	12%
• PJM Monthly	15%	24%	22%	22%

NYMEX Open Interest

6/30/04

Commodity	6/03	6/04	Chg
• Heating Oil	118,211	181,680	54%
• Unleaded Gas	84,200	130,412	55%
• Crude Oil	503,506	698,380	39%
• Natural Gas	347,864	363,947	5%
• PJM Monthly	5,073	32,065	532%
• NYISO A	7,728	17,251	123%
• NYISO G	10,298	11,509	12%
• NYISO J	2,481	4,411	78%
• Total Floor	1,060,106	1,408,246	33%
• Total ClearPorttm	824,777	1,693,082	105%

NYMEX Natural Gas Annual Volumes

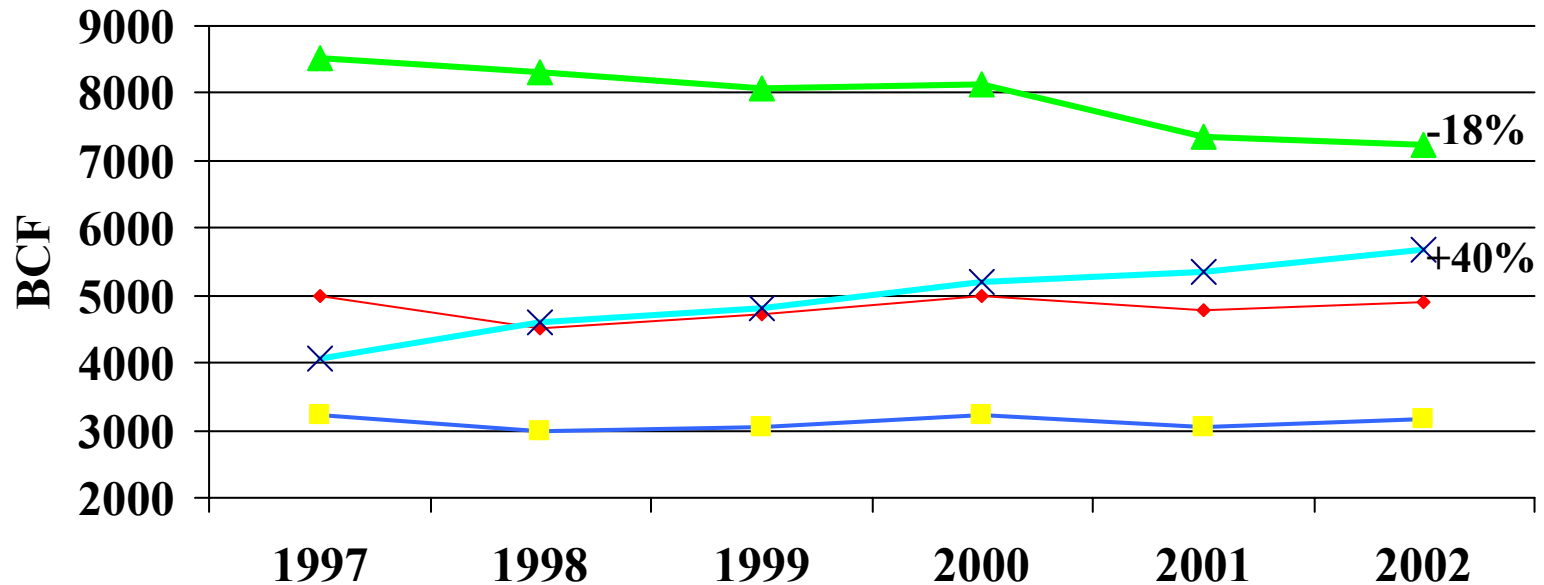


NOTE: 04 volume thru June

■ Futures ■ Options

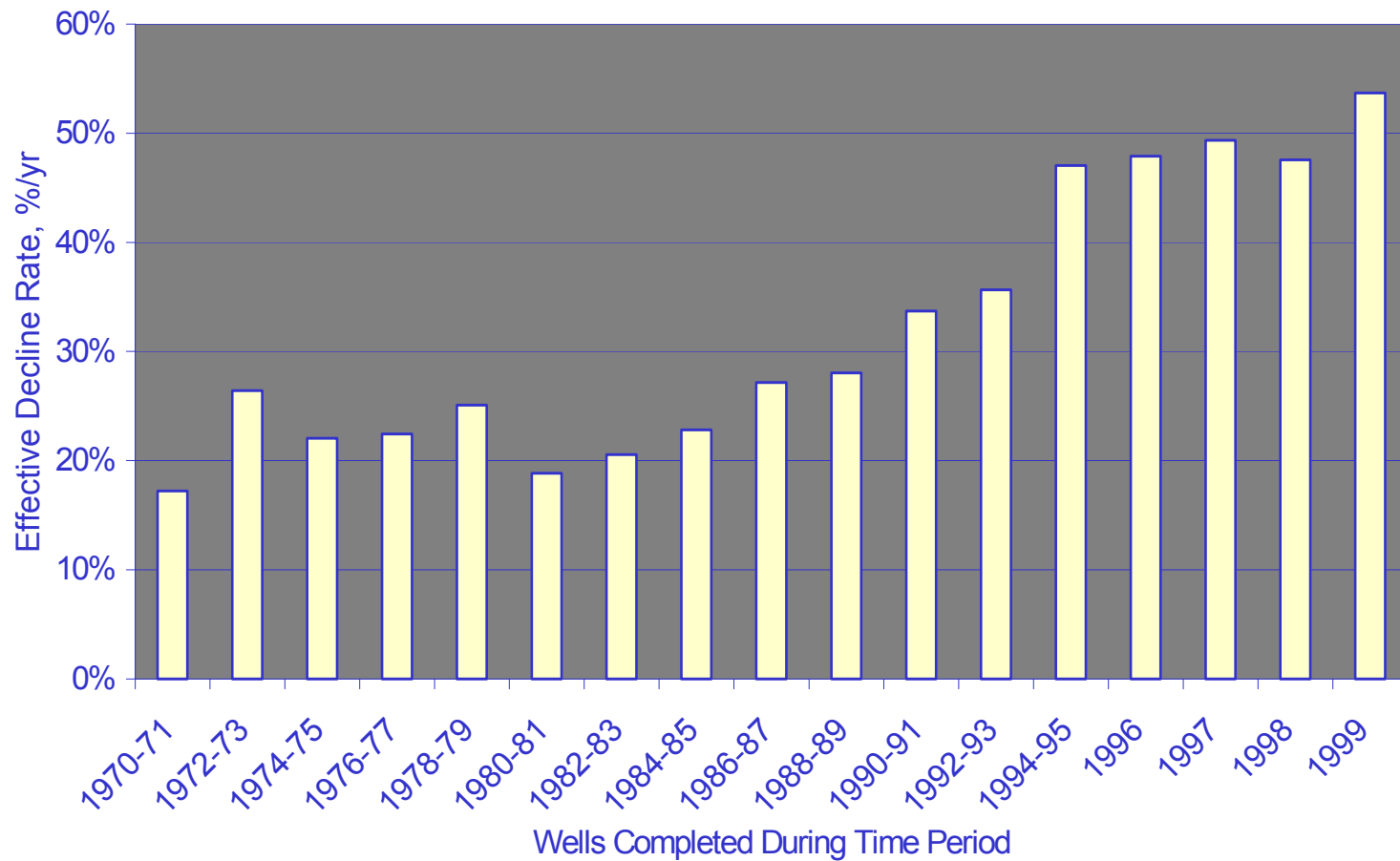
U.S. Natural Gas Sector Consumption

Source: Energy Information Administration



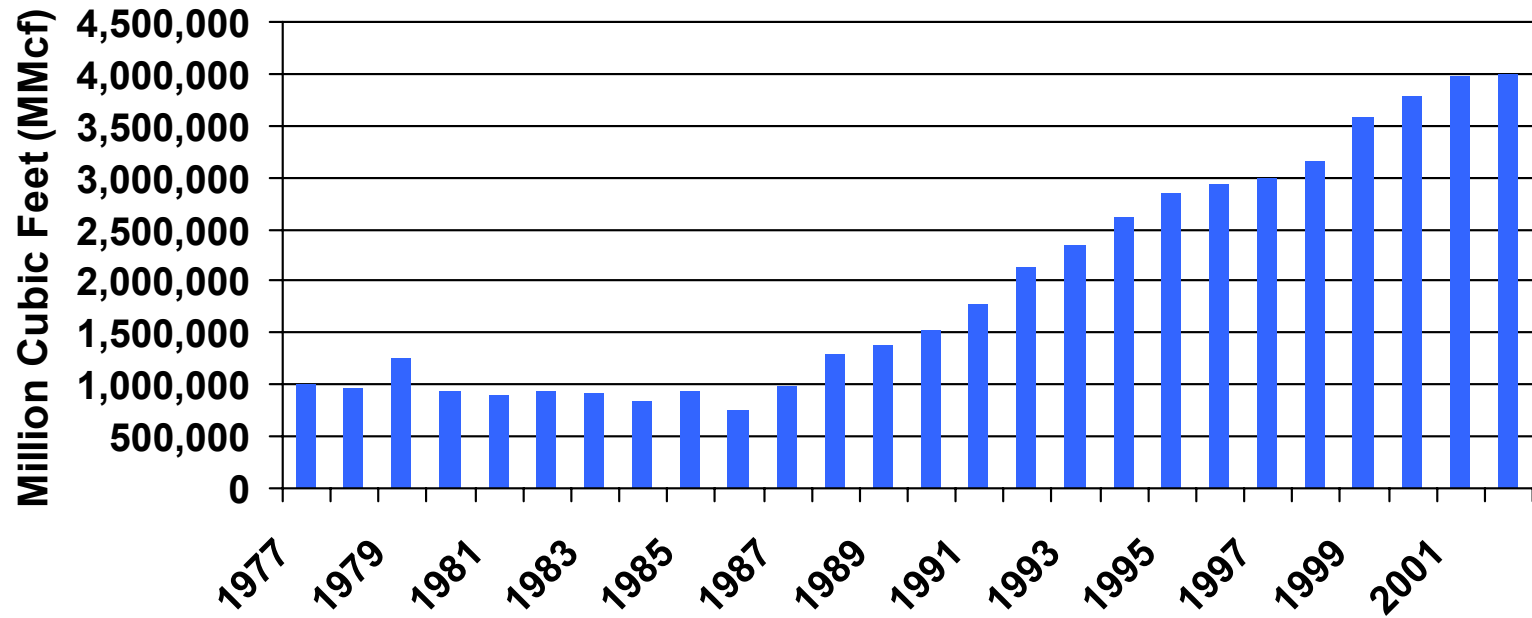
—◆— Residential —■— Commercial —▲— Industrial —×— Electric Power —*—

Gulf Of Mexico Gas Decline



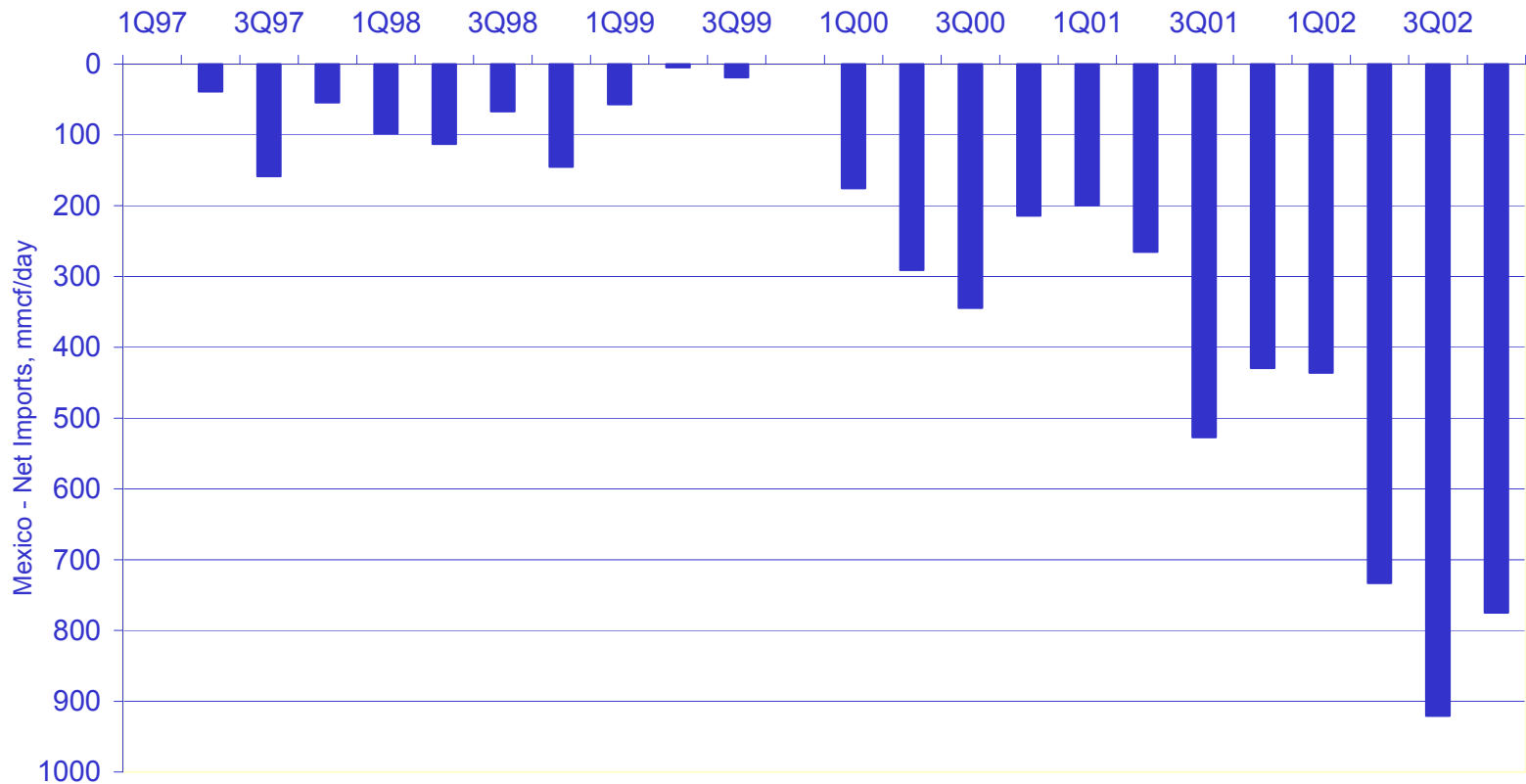
SOURCE: Simmons & Company International

Total United States Natural Gas Imports



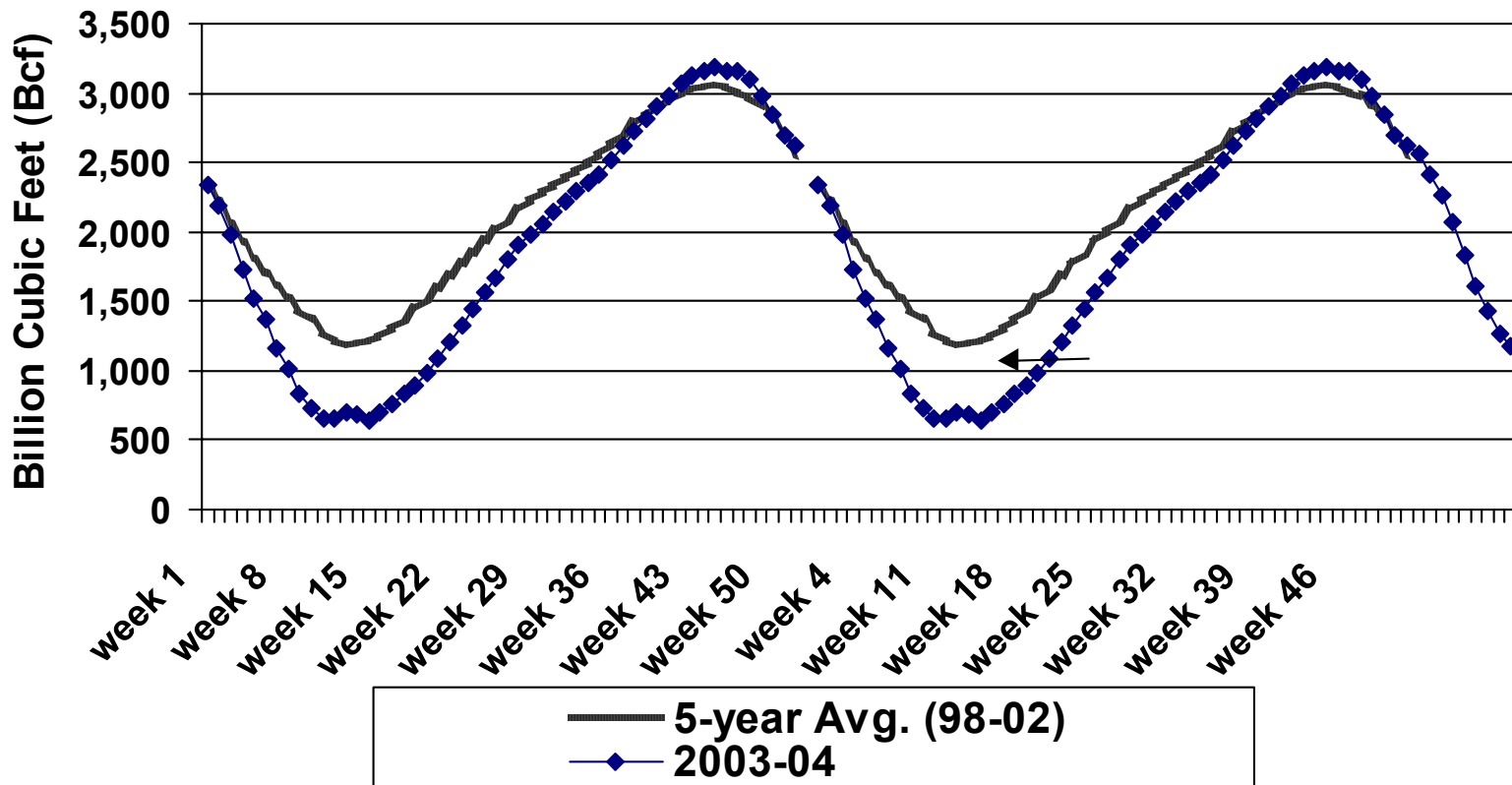
SOURCE : Energy Information Administration, DOE

U.S. Exports to Mexico

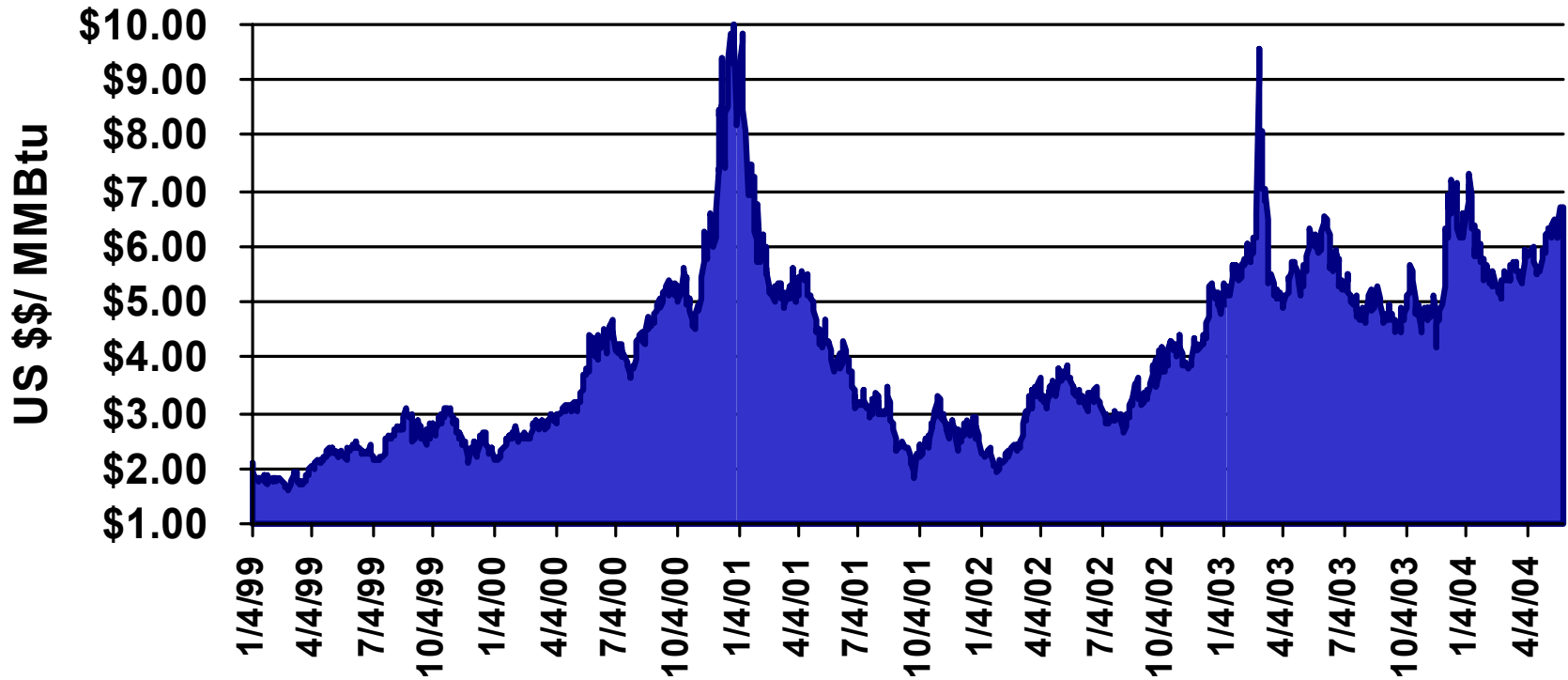


SOURCE: Simmons & Company International

EIA: United States Natural Gas Storage Report Historical Comparison

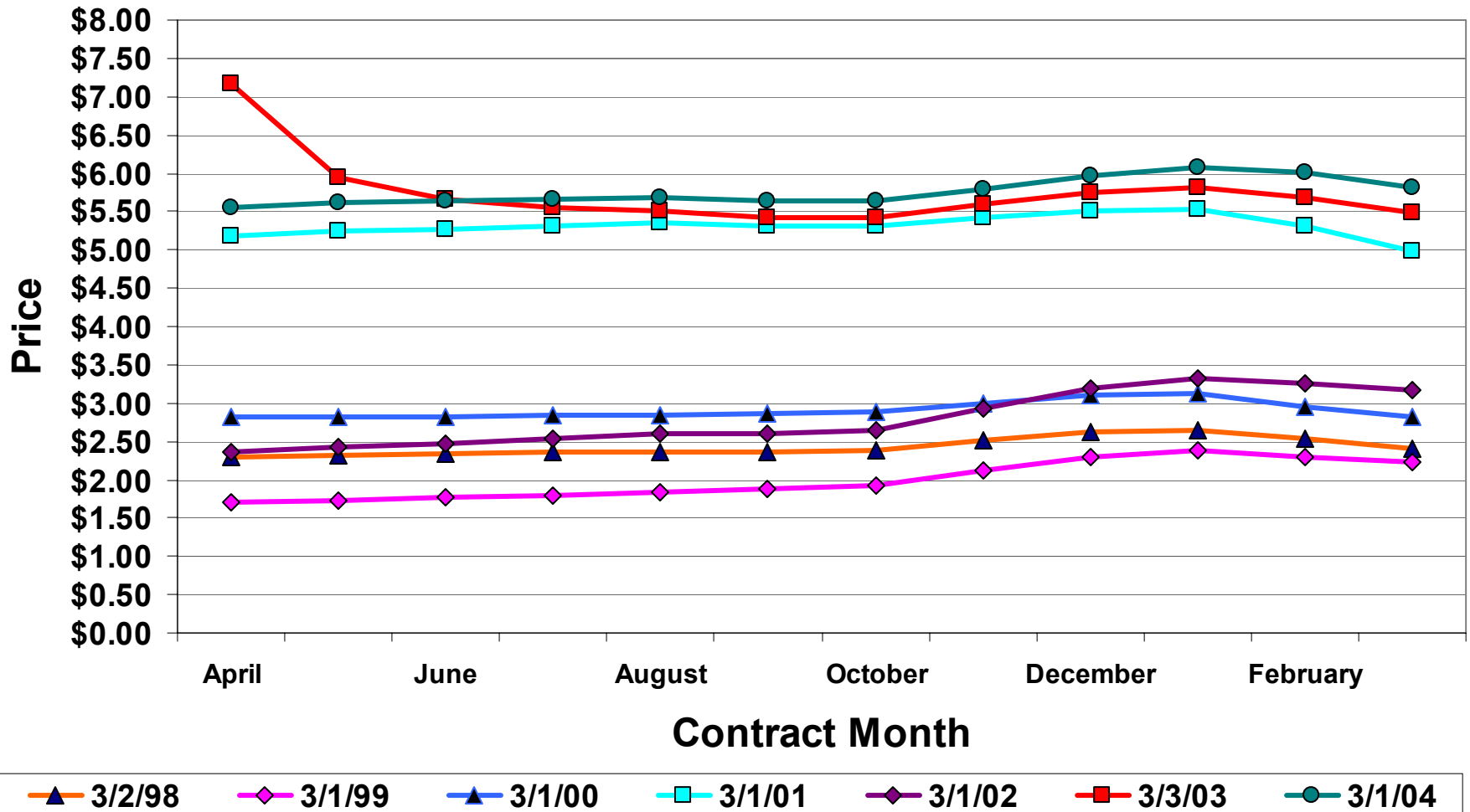


NYMEX Natural Gas Front Month Settlement Prices (1997 - Present)

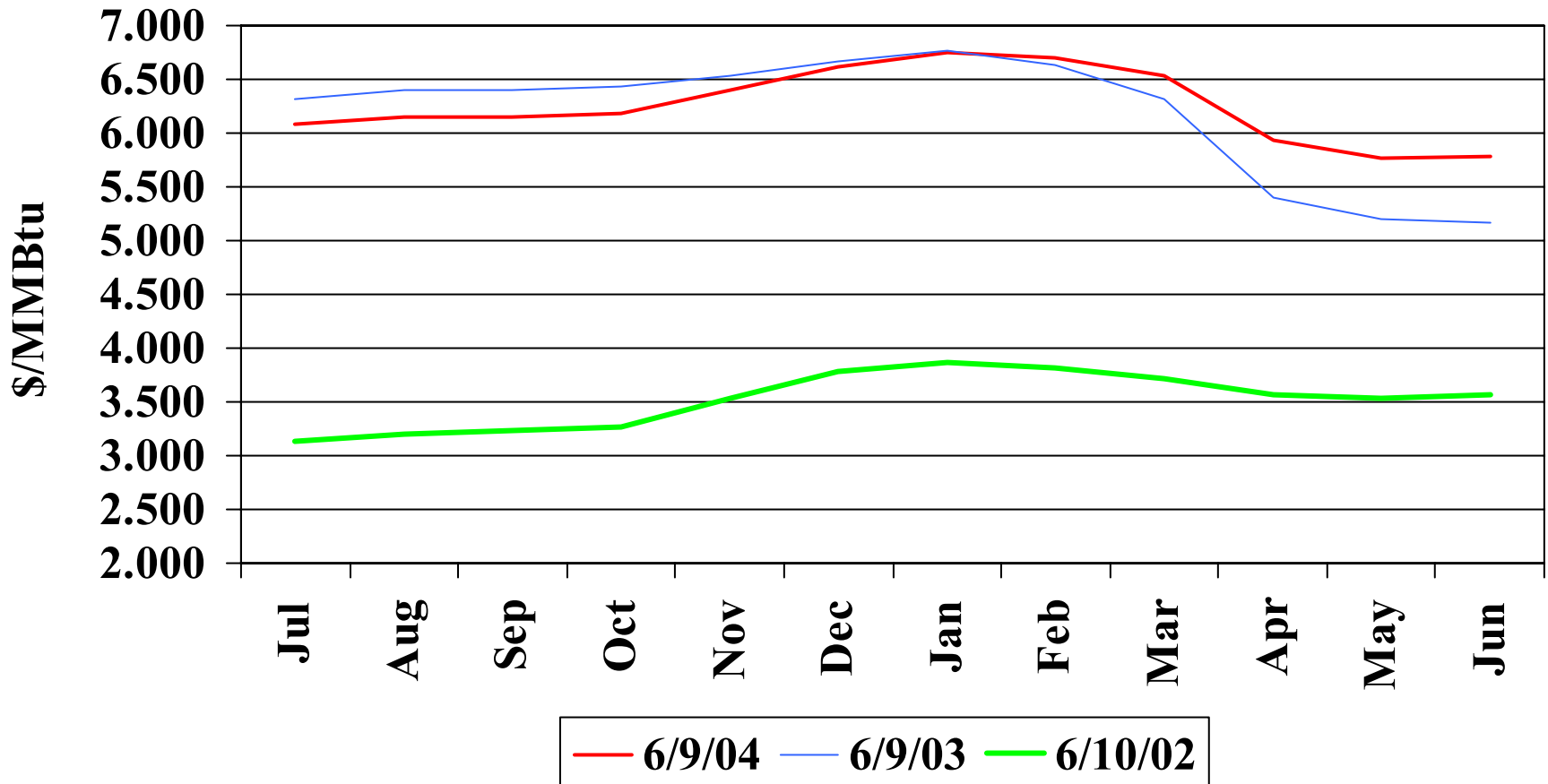


NYMEX Natural Gas Futures 12 Month Strips

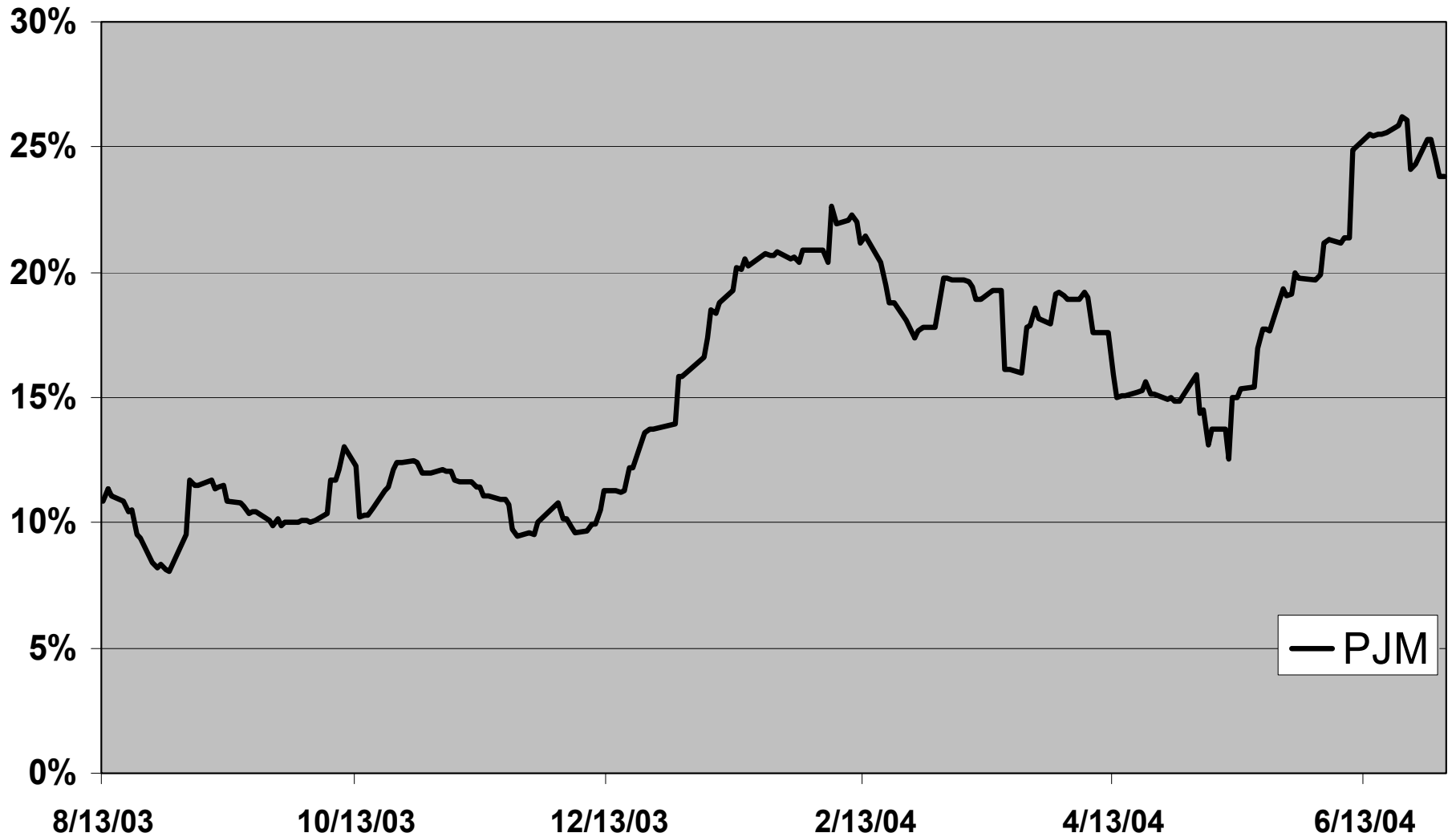
March 2001: \$5.313
 March 2002: \$2.792
 March 2003: \$5.749
 March 2004: \$5.758



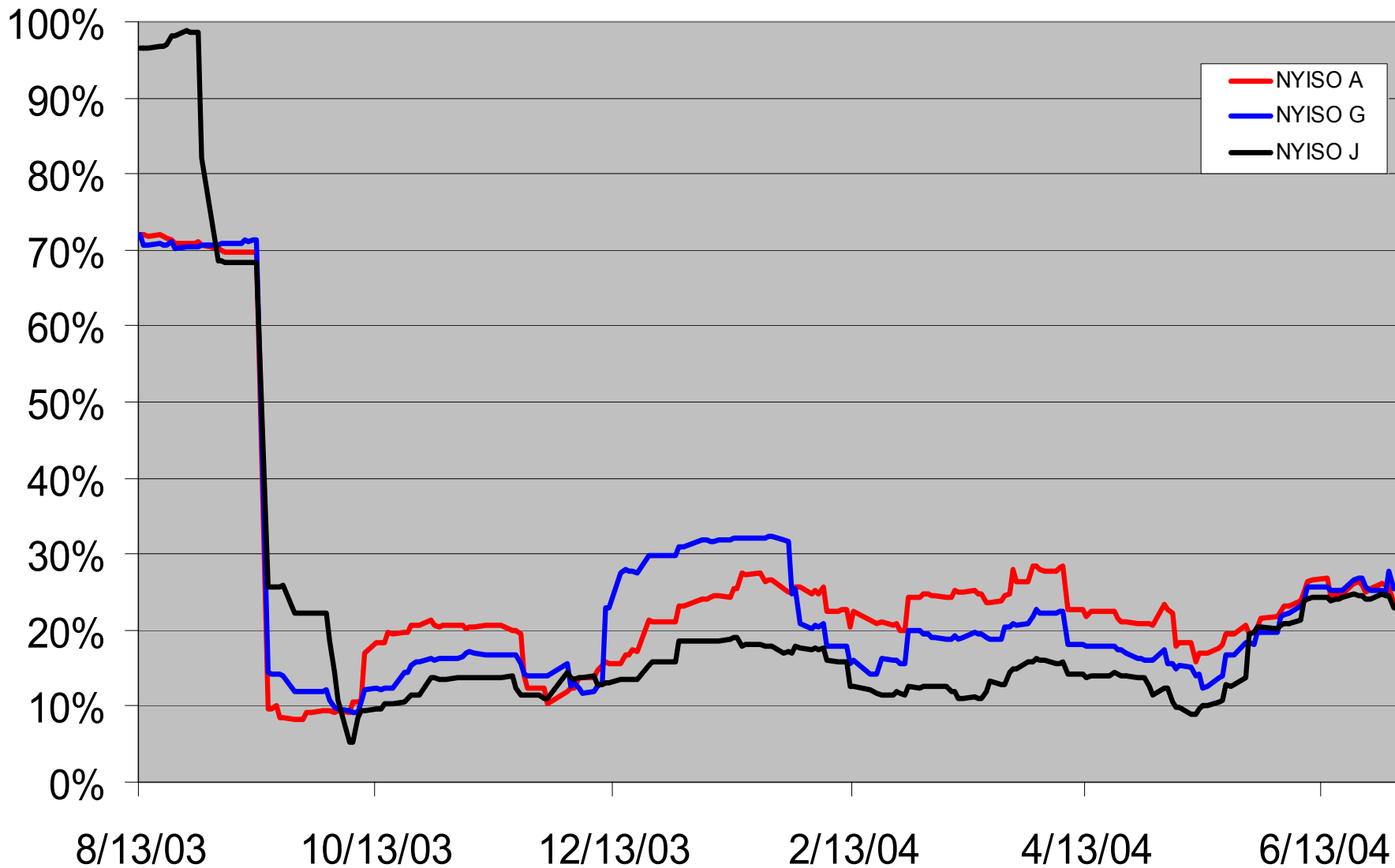
NYMEX NATURAL GAS FUTURES 12 MONTH STRIP PRICES



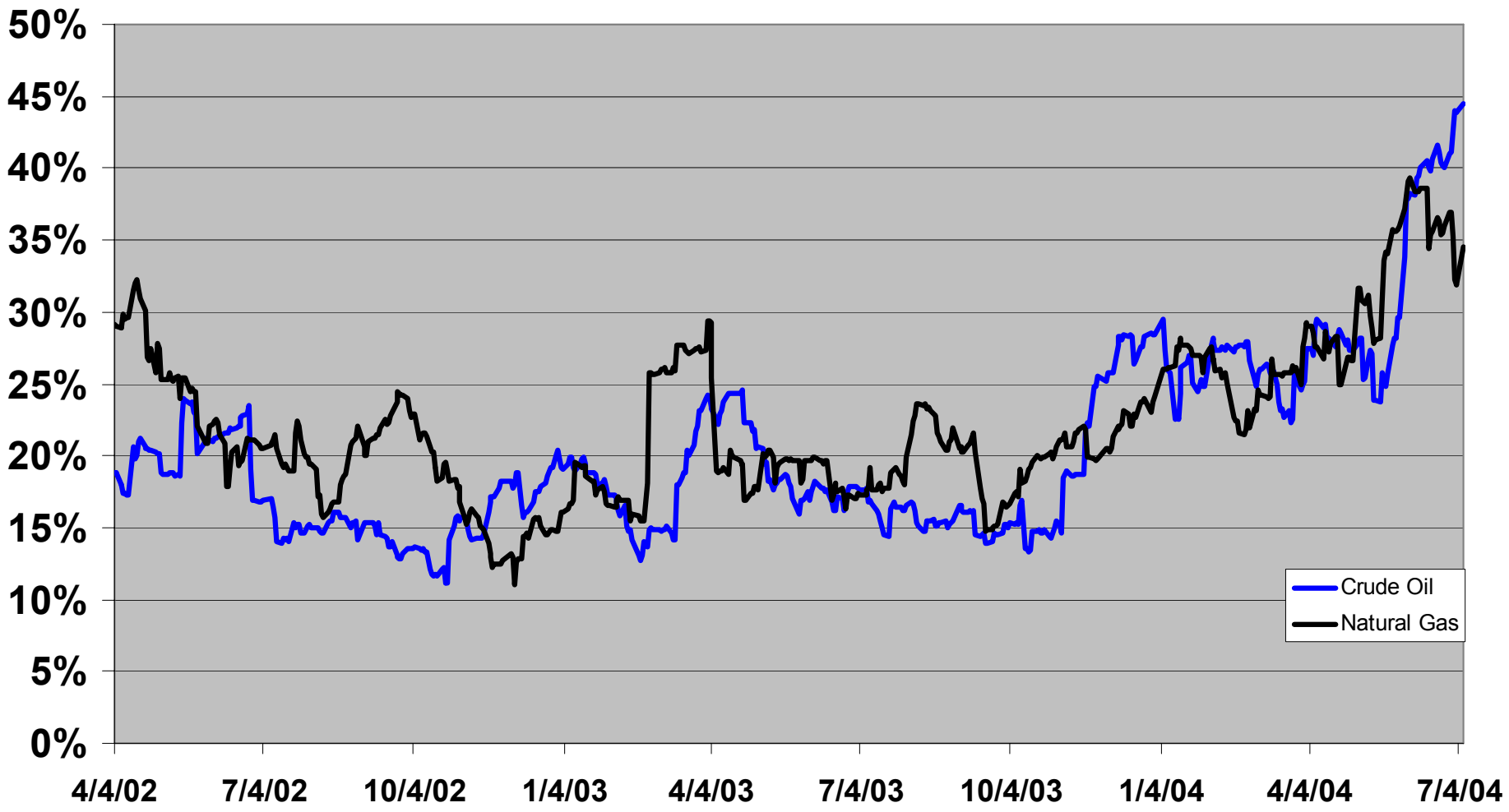
PJM Front Month: 30-Day Volatility(08/13/2003~07/02/2004)



NYISO Front Month:30-Day Volatility(08/13/2003~07/02/2004)



Natural Gas v.s. Crude Oil Front month: 30-Day Volatility (04/04/2002~07/02/2004)



NYMEX Dow Jones Mid-Columbia Electricity Price Index Swap Contract

Date	Price	Return	10-Day Volatility
06/14/04	\$56.50		
06/15/04	\$58.25	0.0305	
06/16/04	\$60.25	0.0338	
06/17/04	\$60.50	0.0041	
06/18/04	\$59.50	-0.0167	
06/21/04	\$59.00	-0.0084	
06/22/04	\$59.50	0.0084	
06/23/04	\$59.50	0.0000	
06/24/04	\$59.25	-0.0042	
06/25/04	\$58.00	-0.0213	30.719%
06/28/04	\$56.50	-0.0262	29.250%
06/29/04	\$54.50	-0.0360	24.034%
06/30/04	\$55.25	0.0137	26.429%
07/01/04	\$55.00	-0.0045	26.252%
07/02/04	\$55.00	0.0000	26.671%

NYMEX Dow Jones NP15 Electricity Price Index Swap

Date	Price	Return	10-Day Volatility
06/09/04	\$69.75		
06/10/04	\$71.63	0.0266	
06/14/04	\$71.50	-0.0018	
06/15/04	\$72.50	0.0139	
06/16/04	\$73.50	0.0137	
06/17/04	\$73.25	-0.0034	
06/18/04	\$71.75	-0.0207	
06/21/04	\$70.00	-0.0247	
06/22/04	\$70.00	0.0000	
06/23/04	\$69.75	-0.0036	26.46%
06/24/04	\$69.75	0.0000	21.08%
06/25/04	\$69.25	-0.0072	21.19%
06/28/04	\$66.75	-0.0368	24.82%
06/29/04	\$64.50	-0.0343	23.82%
06/30/04	\$65.50	0.0154	28.37%
07/01/04	\$63.75	-0.0271	29.18%
07/02/04	\$63.75	0.0000	29.02%

Future Developments

- NG Swing Swaps
- Off-Peak Electricity Swaps
- NI Hub Futures
- ISO-NE Futures
- ERCOT Futures
- MISO Futures
- Emissions Contracts