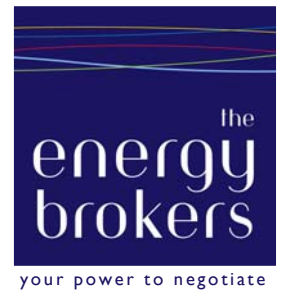


# Daily Market Update

Thursday 25<sup>th</sup> February 2010



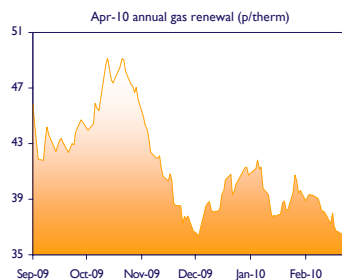
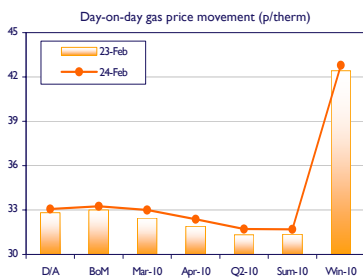
## Natural Gas

**Prompt:** The prompt and near-curve were strongly correlated yesterday, with gas storage capturing the attention of traders. As Mar-10 climbed above the prompt intra-day, storage withdrawals were turned down, which effectively reduced UK gas supply and encouraged buying interest on the prompt. Short-term products were prevented from ascending much higher though by lower demand and sufficient gas deliveries.

**Near-curve:** Concerns over remaining storage provisions continued to inspire healthy bid interest for Mar-10.

**Far-curve:** Seasonal contracts found were well supported yesterday, sustaining their upward correction in response to last week's losses. Buying impetus across the curve was mainly ascribed to upward momentum on the front end of the market, although a slight rise in US Henry Hub gas valuations may also have had a minimal impact.

Settlement Prices (p/therm)		
Contract	Price	Change
Day-ahead	33.075	0.250
BoM	33.250	0.250
Mar-10	33.000	0.550
Apr-10	32.380	0.480
May-10	31.530	0.480
Q2-10	31.710	0.400
Q3-10	31.680	0.260
Q4-10	39.740	0.410
Sum-10	31.700	0.330
Win-10	42.790	0.360
Sum-11	38.680	0.480
Win-11	48.790	0.340
Sum-12	43.060	0.390



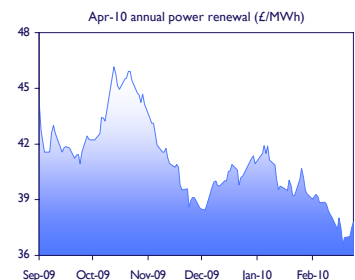
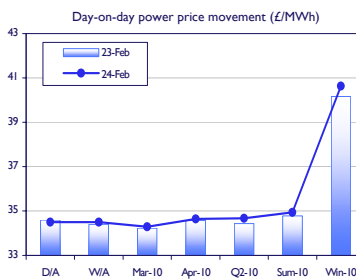
## Electricity

**Prompt:** The immediate electricity prompt was largely unchanged on the day, as counterparties saw little need to disturb price levels given the subdued nature of current supply/demand fundamentals. The within-day power system ran long for the most part yesterday, culminating in only a negligible loss for Day-ahead baseload, whilst Week-ahead moved moderately in the opposite direction.

**Near-curve:** Then lull on the prompt resulted in a similarly lacklustre performance by Mar-10 and Apr-10, although May-10 was notably more bullish on gas sentiment.

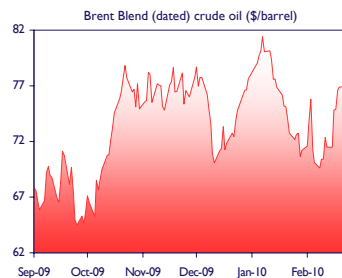
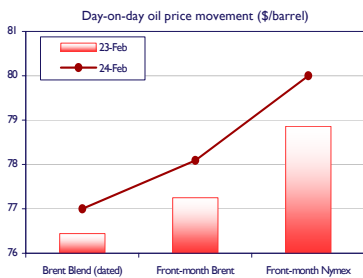
**Far-curve:** Forward electricity values extended their recent recovery on the back of bullish gas, oil and carbon prices. Sum-10 posted only a modest gain, although the following two seasons moved up more markedly over the course of the session, sustaining their bull-run for a fourth successive session.

Settlement Prices (£/MWh)		
Contract	Price	Change
Day-ahead	34.50	-0.10
Week-ahead	34.50	0.10
Mar-10	34.29	0.06
Apr-10	34.64	0.07
May-10	34.58	0.42
Q2-10	34.67	0.24
Q3-10	35.20	0.06
Q4-10	40.63	0.46
Sum-10	34.94	0.16
Win-10	40.63	0.46
Sum-11	38.47	0.45
Win-11	44.35	0.29
Sum-12	41.61	0.69



## Crude Oil

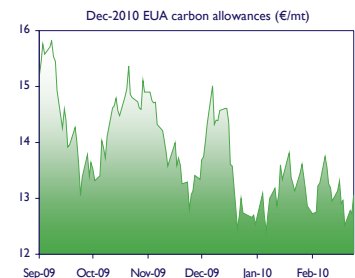
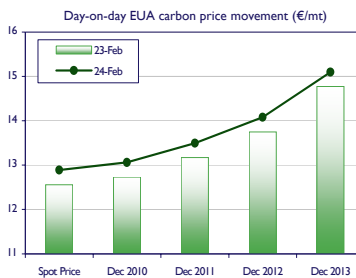
Bullish sentiment returned to the oil market on Wednesday, as Federal Reserve Chairman Ben Bernanke reaffirmed his commitment to keep interest rates low in order to support a US economic recovery. Bernanke told the House Financial Services Committee in Washington that a weak labour market and low inflation should allow the central bank to keep interest rates low for an "extended period," easing speculation that they could rise sooner than thought. The announcement outweighed a series of more bearish revelations, not least a larger-than-expected weekly build in American crude stockpiles. Workers at five of Total's six French oil refineries also voted to end strike action, while Britain's largest oil field, Buzzard, began to ramp up production after a technical hitch cut output for more than a week.



## Carbon

European carbon prices rose midweek, pushing benchmark Dec-2010 allowances back above €13/mt. Traders appeared to glean momentum from the recent price recovery along the gas curve, as well as day-on-day gains among German power futures. News that both Britain and Germany had distributed 2010 allocations to industry failed to rouse the selling activity that many market analysts had envisaged.

Settlement Prices (€/mt)		
Contract	Price	Change
Spot Price	12.89	0.33
Dec 2010	13.06	0.33
Dec 2011	13.50	0.33
Dec 2012	14.08	0.33
Dec 2013	15.10	0.33



### Settlement Prices (\$/barrel)

Contract	Price	Change
UK Brent Blend (dated) spot price	77.00	0.56
UK Brent front-month futures	78.09	0.84
US Nymex front-month futures	80.00	1.14

## Latest Trades

With gas demand having eased off in the past couple of days, physical supply is currently more than ample enough to meet the UK's needs, which has again restrained prompt contracts this morning. The near-months, on both the gas and power markets, have nonetheless started in bullish fashion. Oil and carbon prices are generally unchanged from Wednesday's settlement.

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Settlement prices sourced from the Inter-Continental Exchange [ICE]

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