

Daily Market Update

Friday 4th November 2011

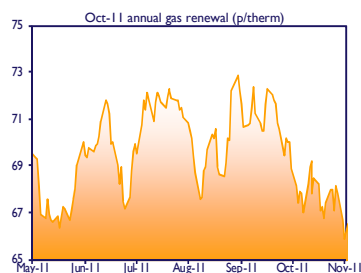
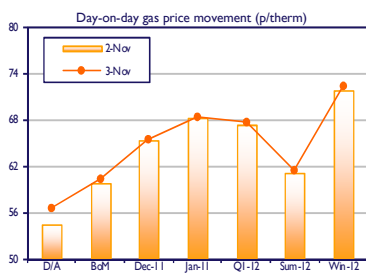
Natural Gas

Prompt: A fall off in flows through the Langed pipeline from Norway, and through the BBL pipeline from The Netherlands, saw gas supplies to the UK drop off significantly. As a result, supply spent the day catching up with demand; Day Ahead and Within Day prices increased. LNG cargoes have temporarily dried up, with no new cargoes arriving recently, and terminal operators appear to be limiting supply to the market in reaction to price signals. However, with temperatures looking set to remain above average for the coming week, upside was limited.

Near-curve: Movements on the near curve were more muted than the prompt; front month December fleetingly dipped below the previous session's close, but the bullish prompt ultimately led prices higher.

Far-curve: Turmoil in the Eurozone was the order of the day yesterday. Cancellation of the Greek referendum on the EU bailout package provided confidence in the markets that the plan agreed last week would eventually go-ahead; equities, commodities and utilities increased along the curve as a result.

Settlement Prices (p/therm)		
Contract	Price	Change
Day-ahead	56.450	1.950
BoM	60.300	0.500
Dec-11	65.400	0.170
Jan-11	68.370	0.230
Feb-11	68.370	0.290
Q1-12	67.770	0.350
Q2-12	61.320	0.320
Q3-12	61.400	0.350
Sum-12	61.360	0.335
Win-12	72.260	0.372
Sum-13	63.758	0.408
Win-13	71.900	0.355
Sum-14	63.723	0.375



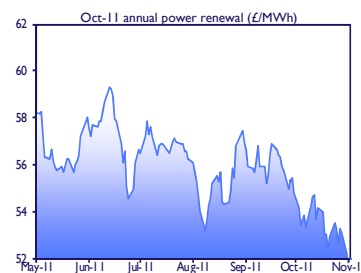
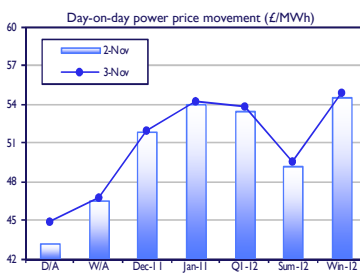
Electricity

Prompt: Power prices reacted to the bullish gas market yesterday, with Day Ahead prices reclaiming some of the previous session's losses. UK power demand was slightly higher than forecast at times by National Grid, although the forecasts of mild weather prevented prices for the coming week from gaining too much ground.

Near-curve: Front month December prices ended the day range bound, posting on very marginal day on day gains. However, the remainder of the winter months (out to March 2012) all posted more significant gains, influenced strongly by movements in Seasonal contracts further along the curve.

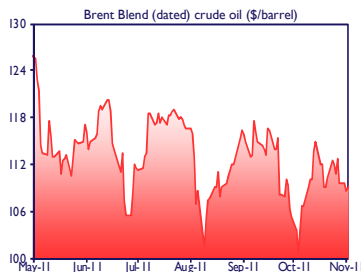
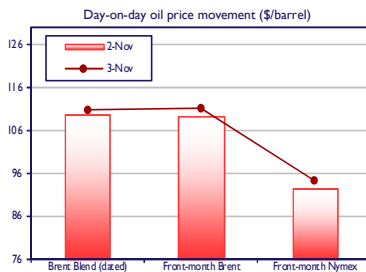
Far-curve: Positive economic sentiment returned to the market yesterday, as days of doubt over the EU bailout package ended. Greece's embattled Prime Minister, George Papandreou, called off a referendum on the EU proposals, providing optimism that Europe can yet avoid financial meltdown. As a result, commodity market, including oil and coal saw increases, feeding gains along the power curve.

Settlement Prices (£/MWh)		
Contract	Price	Change
Day-ahead	44.93	1.67
Week-ahead	46.80	0.25
Dec-11	51.90	-0.01
Jan-11	54.22	0.22
Feb-11	54.20	0.36
Q1-12	53.77	0.34
Q2-12	49.76	0.23
Q3-12	49.24	0.33
Sum-12	49.50	0.28
Win-12	54.85	0.36
Sum-13	53.08	0.31
Win-13	57.03	0.20
Sum-14	57.17	0.32



Crude Oil

Oil prices were volatile on Thursday, in a day of political and financial drama for the EU. Prices started weak, as the impasse between the Prime Minister of Greece and the rest of Europe over the proposed referendum continued. However by mid-morning the situation had started to unravel; the market first reacted to news that Mr Papandreou was to stand down, removing the prospect of the dreaded referendum on the EU rescue package and bolstering prices. The market then received a further boost by news that the European Central Bank was to cut interest rates by 0.25% in a bid to prevent the Eurozone from sliding back into recession. Prices slid however in the early afternoon, as uncertainty over the future of the Greek government surfaced with the Prime Minister unwilling to step aside after all. Finally however the market found further upside when the referendum was officially called off late in the afternoon.



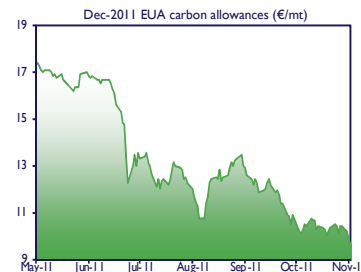
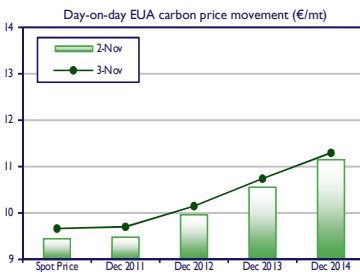
Settlement Prices (\$/barrel)

Contract	Price	Change
UK Brent Blend (dated) spot price	110.55	0.99
UK Brent front-month futures	110.83	1.49
US Nymex front-month futures	94.07	1.56

Carbon

Following successive session on session losses it was perhaps no surprise that carbon prices found positive sentiment yesterday; prices were positive on the back of similar price movements in the oil, coal and power markets. Benchmark December 2011 allowances rebounded; however they were still unable to break back through the psychological €10/tonne mark. Prices for longer dated allowances also posted smaller gains, as doubts remain over the long term future of the Eurozone economy.

Settlement Prices (€/mt)		
Contract	Price	Change
Spot Price	9.63	0.20
Dec 2011	9.69	0.20
Dec 2012	10.14	0.18
Dec 2013	10.71	0.15
Dec 2014	11.28	0.14



Latest Trades

Gas and power prices are up again so far this morning, as markets react positively to the impending political change in Greece. Brent crude oil is currently trading at \$111.81/bbl, signifying the bullish sentiment that is prevalent in the market. Employment figures from the US and a vote of confidence in the Greek Prime Minister are dominating discussion today.

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