John Hall Associates
Your Energy – Our Expertise

# DAILY BRIEFING

## Five Day Price Trend

| | 25 July 07 | 24 July 07 | 23 July 07 | 20 July 07 | 19 July 07 |
|---|---|---|---|---|---|
| Brent Crude Oil $/bbl | 76.32 | 75.08 | 76.86 | 77.64 | 77.67 |
| NBP Oct '07 Gas ppt | 38.20 | 38.8 | 39.65 | 38.84 | 38.65 |
| Exchange Rate $/£ | 2.0496 | 2.0614 | 2.0581 | 2.0553 | 2.0499 |
| UK Oct '07 Power £/MWh | 37.58 | 37.63 | 38.28 | 37.83 | 37.78 |
| German '08 Power €/MWh | 55.48 | 55.20 | 55.20 | 55.60 | 55.20 |
| EU ETS '08 €/tCO$_2$ | 20.35 | 19.25 | 19.25 | 19.70 | 19.5 |

Source: ICE/FT/Spectron

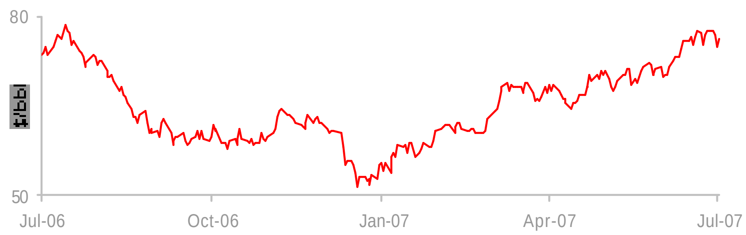
**26 July 2007**

PRICES EFFECTIVE
25 July 2007

## The Markets

### Crude Oil

Brent Crude Oil




Source: ICE

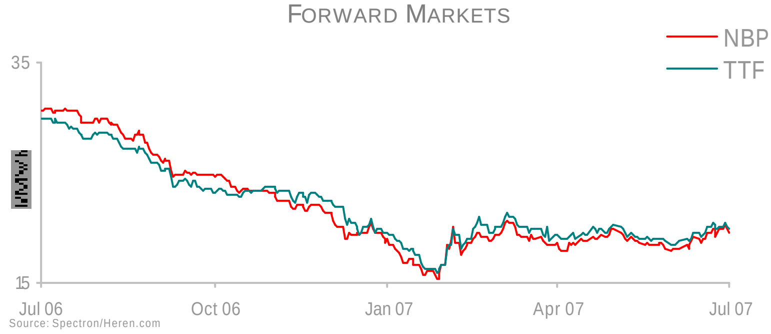
**OIL:** Brent crude oil traded in London rose well over a dollar yesterday to settle at $76.32/bbl, not far off its intraday high of 76.47/bbl as it tracked the rest of the petroleum complex higher after recent selling activity. The contract has traded at $76.90/bbl this morning. Weekly stock data was essentially bearish in tone. Despite a 1.1 million bbl drop in crude oil inventories (in line with expectations) to 351.0 million bbls stocks remain some 5% above levels where they were a year ago providing an extra day of forward cover at 22.4. However, there was concern that stocks are the key storage facility at Cushing, Oklahoma were lower. Meanwhile, gasoline stocks rose by an unexpected 0.8 million b/d due in part to the highest-ever level of imports at 1.7 million b/d. While refinery utilisation rates continued to improve, rising by 0.7% to 91.7%. (No opportunities on lagged contracts today.)

| Oil Markets | Settlement | Change | Year High | Year Low |
|---|---|---|---|---|
| Brent Crude Oil $/bbl | 76.32 | +1.24 | 78.30 | 51.70 |
| Opec Basket $/bbl | 71.57 | -0.43 | 73.67 | 47.92 |
| Gasoil $/tonne | 637.00 | -2.50 | 668.75 | 463.75 |
| **End User Bulk Prices ppl** | **Price & Duty** | **Change** | **Duty** | **Price & Margin** |
| Unleaded | 73.66 | -0.50 | 48.35 | 75.83 |
| ULSD | 75.49 | +0.36 | 48.35 | 76.78 |
| Gasoil | 34.80 | +0.34 | 7.69 | 35.32 |
| Heavy Fuel Oil | 24.23 | +0.14 | 7.29 | 27.69 |

Source: ICE/OPEC/JHA/FT

### Natural Gas

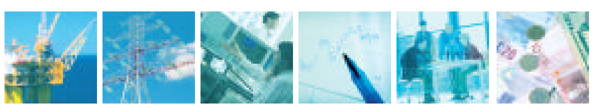
Forward Markets




Source: Spectron/Heren.com

**NBP:** Prompt contracts were relatively softer yesterday with Within-Day falling to 28.60 ppt. Dynamics were such that any length had dissipated by around noon leaving the system balanced for the rest of the day. Langeled continued to flow at reduced levels during the day. This morning Within-Day, at 29.55 ppt is trading at a premium to yesterday's Day-Ahead of 29.10 ppt. Demand has increased by some 15 mcm, probably due to injections into storage, leading to predictions that Linepack will close a little short. In the forward market, given its proximity to the prompt, August softened to 29.30 ppt. The contract has traded at 29.55 ppt this morning. Speculation in seasonal contracts further out led Winter '07 and Summer '08 to ease to 43.65 ppt and 32.85 ppt. Winter '07 and Summer '08 has traded at 43.85 ppt and 33.05 ppt this morning.

**TTF:** The Dutch Day-Ahead was weaker at €14.95/MWh yesterday while the 2008 Calendar Year contract weakened to €20.25/MWh. **EEX:** German Day-Ahead on the BEB network was weaker at €14.85/MWh.



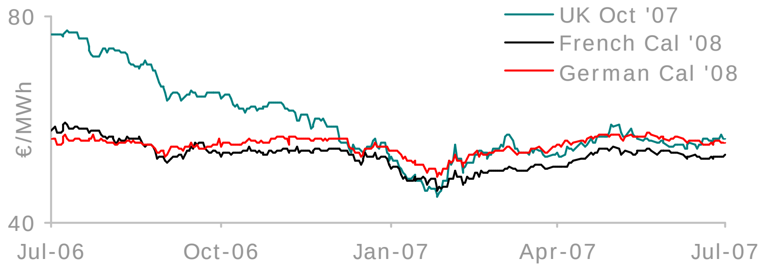
## Natural Gas Continued

| | Day-Ahead | | | | Month-Ahead | | | | Gas Year | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Settle | Change | High | Low | Settle | Change | High | Low | Settle | Change | High | Low |
| NBP ppt | 29.10 | -1.90 | 47.38 | 4.13 | 29.30 | -0.85 | 55.65 | 14.65 | 38.20 | -0.60 | 61.78 | 30.47 |
| TTF €/MWh | 14.95 | -1.20 | 22.25 | 6.80 | 15.15 | -0.50 | 33.30 | 8.30 | 19.78 | -0.20 | 29.88 | 15.93 |

Source: Spectron/heren.com

## Electricity

Forward Markets



Source: Spectron

**UK**: Day-Ahead prices remained stable at £25.19/MWh on Wednesday as the peak supply margin continued to look very healthy. The level is also under downward pressure from weaker prompt gas prices. Today the forecast maximum demand of £43GW is met by an impressive 10.5GW margin, while imports from France are at 2GW. On the curve prices also softened due to weaker NBP gas prices, although losses in the power curve were limited due to higher carbon prices which had lifted to over €20/tCO2. August base load closed down at £25.60/MWh, while the winter 07 seasonal contract continued to reduce, settling at £39.25/MWh. The summer 08 Season was held up on the carbon movements to close at £35.90/MWh. **EUROPE**: Day-ahead prices in Germany and tri-lateral market remain low, however they reacted differently to slightly warmer less windy conditions forecast for the next few days, as detailed in the table below. In the 2008 calendar year contracts in both Germany and France small rises were seen due to strengthening carbon, with each settled at €55.48 and €53.05/MWh respectively. This morning the German 2008 contract has traded up at €55.85/MWh

| Spot Markets (€/MWh) | Baseload | Change | Peakload | Change |
|---|---|---|---|---|
| UK (£) | 25.19 | +0.14 | N/A | N/A |
| Austria | 32.80 | +5.70 | 41.58 | +5.87 |
| Belgium | 31.60 | +4.04 | 40.44 | +3.45 |
| France | 31.60 | +4.03 | 40.44 | +3.45 |
| Germany | 28.06 | -3.63 | 34.21 | -3.02 |
| Italy | 100.82 | -0.38 | N/A | N/A |
| The Netherlands | 31.77 | +4.07 | 37.57 | +2.57 |
| Nordic | 15.00 | +0.50 | N/A | N/A |
| Spain | 44.06 | +4.57 | N/A | N/A |
| **2008 Bsld (€/MWh)** | **Close** | **Change** | **High** | **Low** |
| UK October '07 (£) | 37.58 | -0.05 | 52.43 | 30.38 |
| UK April '08 (£) | 39.70 | +0.73 | 50.68 | 31.38 |
| France | 53.05 | +0.30 | 59.20 | 46.30 |
| Belgium | 55.26 | +0.49 | N/A | N/A |
| Germany | 55.48 | +0.27 | 57.50 | 49.00 |
| The Netherlands | 60.95 | +0.18 | 66.38 | 51.13 |
| Nordic (Nok) | 357.23 | +3.36 | 386.97 | 309.58 |

Source: Nord Pool/Endex/Spectron/bloomberg

## Carbon

The 2008 contract in heavy trading late in the day was paid up by a financial player according to several reports to settle at €20.35/tCO2e. The increase followed a report by Deutsch Bank on Tuesday revising their forecast for Phase 2 carbon to average €35.00/tCO2e rather than their previous €25.00/tCO2e forecast.

| EU ETS Allowances €/tCO2 | 2007 | 2008 | 2009 |
|---|---|---|---|
| Source: Spectron | 0.120 | 20.35 | 20.75 |

## Weather

Above 18.5oC
17.5oC – 18.5oC
Seasonal Norm – 17.5oC
16.5oC – 17.5oC
Below 16.5oC

Last Year

Today    Source: Transco



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