

Daily Gas Market Report



Report Date 10-01-2008

Market prices

Price Period	Closing Price PPT	Opening Price PPT	Change
Day-Ahead	57.20	59.00	1.80
Feb-08	58.70	60.10	1.40
Mar-08	58.10	59.90	1.80
Apr-08	54.60	55.40	0.80
May-08	52.80	53.55	0.75
Jun-08	50.65	51.35	0.70
Jul-08	49.70	50.95	1.25
Aug-08	51.10	52.30	1.20
Sep-08	50.90	51.55	0.65
Oct-08	57.10	59.57	2.47
Qtr208	52.70	53.43	0.73
Qtr308	50.80	51.60	0.80
Qtr408	63.70	64.76	1.06
Qtr1-09	69.90	70.75	0.85
Qtr2-09	52.80	53.55	0.75
S08	51.80	52.51	0.71
W08	66.80	67.72	0.92
S09	51.80	52.52	0.72

Market Close Commentary

Another bullish day on Wednesday as demand increased steadily throughout the morning. Linepack struggled to keep pace with demand increases consequently falling short by 14mcm by 11am.

The short WD position sent the prompt higher with the entire prompt and curve seemingly following WD higher. Deliveries from Rough and the Isle of Grain were slow to start however by early afternoon deliveries were at similar levels to the previous day.

By mid afternoon the additional deliveries aided by a fall in system demand caused the market to retrace some of the earlier gains however the reprieve was short-lived.

By late afternoon system demand was once again rising and with linepack tightening the prompt led market pushed higher still. The front months gained in line with prompt movements with Feb-08 trading above 59p/therm. Once again sentiment passed through the curve with W-08 gaining on the back of prompt and front month increases.

Market Opening Commentary

System demand opened 9mcm above forecast with linepack opening tightly balanced. The tight system and continued pressure on the prompt extended previous session gains pushing WD up to 60p/therm.

By 10am demand forecasts had fallen by 5mcm helping linepack gain length as WD eased back marginally. However with the fundamentals driving the increases unchanged the curve failed to respond despite the front months being particularly sensitive to demand and prompt price increases!

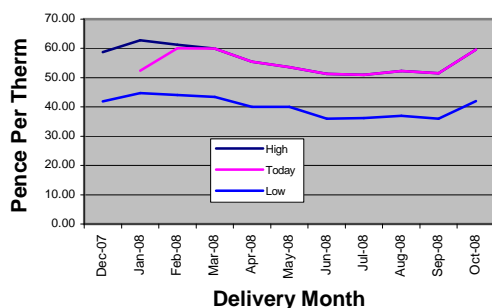
System Position

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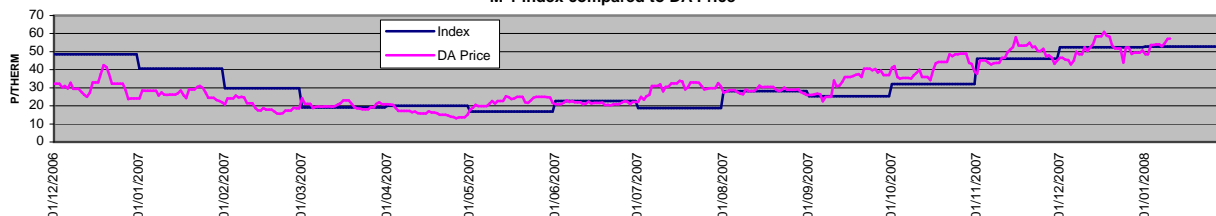
Gas Day	Demand	Opening System Position
10/01/2008	377.4	1.2mcm long
11/01/2008	357	Forecast
12/01/2008	349	Forecast
13/01/2008	328	Forecast
14/01/2008	346	Forecast

Opening Prices		10/01/2008
SAP	SMP BUY	SMP Sell
60.07	60.91	59.12

UK High & Low Market Prices



M-1 index compared to DA Price



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