

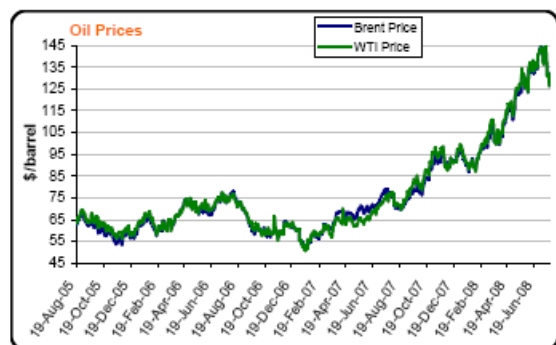
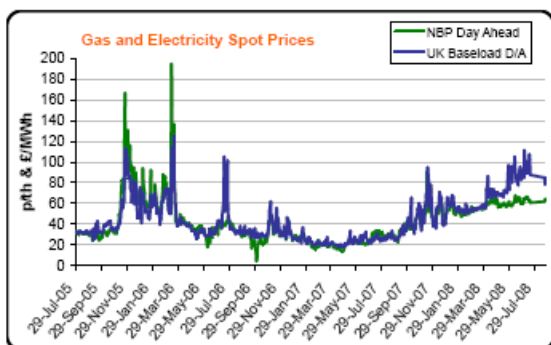
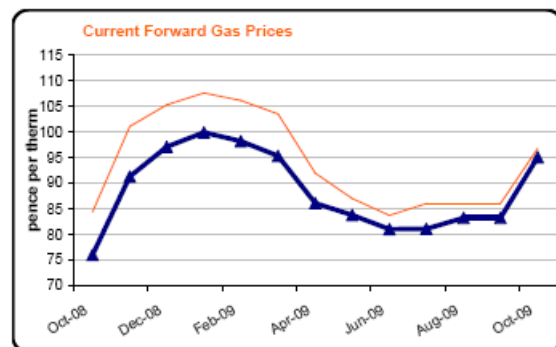
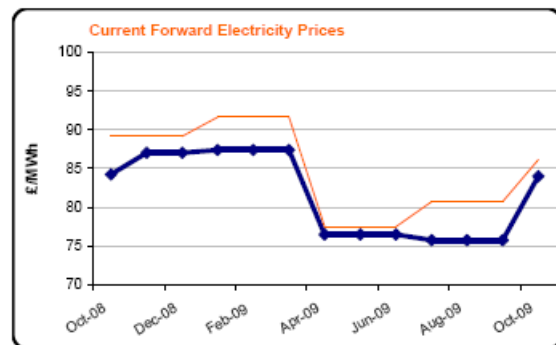
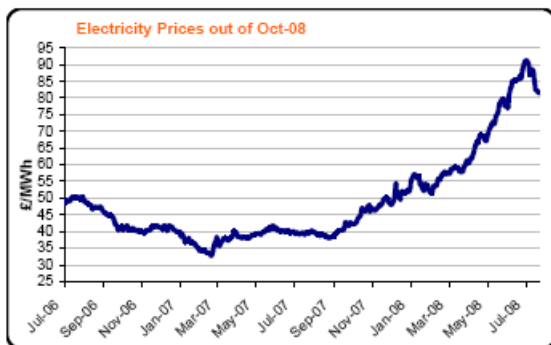
Daily Market Update

Thursday 24 July 2008

A tight gas system resulting from lower Norwegian gas flows and increased withdrawals by storage facilities supported prompt and day ahead prices. Electricity near curve prices were boosted by lower power margins following a coal generator outage and problems on the UKFrance interconnector. While the front end of the curve came under upward pressure, the rest of the curve followed oil markets lower, with annual prices for electricity and gas out of October closing 0.8% and 0.5% lower respectively.

Oil prices continued to fall, closing under \$125 a barrel in New York yesterday as data showed falling demand in the US and Japan. Bearish trends were helped by a strengthening US dollar and reluctance by investors to re-enter the market after a \$20 a barrel price drop in two weeks.

Fears over the weakening US economy and the prospect of declining demand appear to have offset geopolitical and supply disruption concerns, with markets showing little reaction to hurricane warnings and Nigerian militancy. Downward momentum is starting to be established, and price direction may continue to be bearish in the short term.



Turning cost into profit