Contents

Macro Economics.............................................................................................................................................. 2
Oil Market: Brent $60.05/bbl, WTI $48.17/bbl.................................................................................................. 3
European Gas Market NBP Price: 1.7265 pence/kWh.................................................................................. 4
UK Electricity Market Buy Price: £46.25/MW.............................................................................................. 5
Coal Buy Price: £34.29/tonne ......................................................................................................................... 6
Carbon Buy Price: €7.05/tonne.......................................................................................................................... 7
News ............................................................................................................................................................... 7
Macro Economics

<table>
<thead>
<tr>
<th></th>
<th>Closing Rate</th>
<th>% Change</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td>1.3794</td>
<td>4.02%</td>
<td>↑</td>
</tr>
<tr>
<td>USD</td>
<td>1.5292</td>
<td>1.68%</td>
<td>↑</td>
</tr>
</tbody>
</table>

**United States Dollar**

It was a quiet start to the month but as the month went on EUR/USD dropped, dragging GBP/USD lower with it. The pound fell from 1.5535 to a low of 1.5395 vs. the dollar, the move backed by solid U.S. durable goods orders report. The data showed that orders rose a seasonally adjusted 2.8% in January vs. expectations for 1.7%, supported by a surge in demand for core capital goods. Other data, released at the same time, showed that the consumer price index fell 0.1% in January from a year earlier, this being the first year-over-year decrease since October 2009. Unsurprisingly, the fall in prices was in large part due to the fall in energy and gasoline prices and although the Fed saw this coming it will no doubt be an underlying concern for Janet Yellen. That said, the inflation data – as well as weaker unemployment claims data – was shrugged off and the dollar continued to strengthen across the board towards the end of the month. Next up we have U.S. Prelim GDP. The underlying fundamentals have been relatively strong recently, certainly when compared to other regions such as the Eurozone. If this is reflected in GDP this afternoon we could well see the dollar momentum continue as the month closes.

Blizzard anticipates a range of 1.5340 to 1.5520

**Euro**

EUR/USD collapsed at the end of February as various technical levels were knocked out and sentiment towards the euro turned even more negative. After opening at 1.1375 the pair fell to an eventual low of 1.1184. In other news, stronger than expected German unemployment change data was largely ignored as sellers piled in. The sell-off in EUR/USD has meant that GBP/EUR has pushed even higher and it traded above 1.37 yesterday. It went on to trade to a high of 1.3777 early this morning and but has lost a bit of ground, due in the main to a bit of profit taking on short euro positions but also in response to various sets of regional German inflation data.

Blizzard anticipates a range of 1.3680 to 1.3780
Oil Market: Brent $60.05/bbl, WTI $48.17/bbl

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Brent ICE (USD/b)</td>
<td>60.05</td>
<td></td>
</tr>
<tr>
<td>Gasoil ICE (USD/t)</td>
<td>585.50</td>
<td></td>
</tr>
<tr>
<td>Fuel 1% Fob cg (USD/t)</td>
<td>316.79</td>
<td></td>
</tr>
</tbody>
</table>

Close to close: down at $ 60.05 /bbl

Why?
Brent prices lost -$1.58/b yesterday after touching $62.6/b intraday while WTI now trades $49/b. Brent markets have been hesitating all week long (they now trade only 50 cents above the Monday opening) but WTI is clearly on the downside with already -$1.7/b weekly losses, leading to a significant widening of the spread at almost -$12/b, a 13-month minimum. The overall bullish sentiment, fuelled by expectations of brighter outlook and geopolitical tensions, is nevertheless offset by the reality of oversupplied situation.

Main events
Fear of gas shortage in Europe due to Ukrainian situation supported the energy complex for weeks and the outages in gas field Statfjord in Norway are adding to the concerns. Yesterday, Norwegian energy firm Statoil shut its Statfjord C platform in the North Sea after discovering cracks in the platforms flare tower. The entire Statfjord field, including all three platforms, produced about 81 kbd of oil equivalents last year and the platform should be closed for 12 days. In Libya, output from south eastern Sarir and Messla fields is said to be now above 100 kbd after touching a minimum at 40 kbd earlier this week. Output from the fields feeding the Hariga port is expected to gradually rise to 180 kbd in the short term. About security problems in Libya, REPSOL CEO Josu Jon Imaz San Miguel says he has little hope that the company will restart production in Libya in short term: “In the short term … we don't have many hopes … It's a problem for REPSOL, but also for Europe … in the short term the only thing I could say is we have security problems”. Saudi Arabia is expected to raise the
official selling price (OSP) for most of its crude grades to Asia in April. The April OSP for flagship Arab Light could rise by at least $1 a barrel to the highest in four months.

**Outlook**
The outlook on crude prices is still unclear as signals are mixed and volatility high. Markets will be waiting for the weekly Baker Hughes rig count that has now become a milestone for markets – some early indicators are expecting another fall. It has now been 15 days that Brent is stuck in the 58-62 $/b range and $60/b appears to be a strong reference level before fundamentals change. We have a stable to slightly bearish outlook for March and Brent is currently heading for its biggest monthly gain since May 2009!

**European Gas Market NBP Price:** 1.7265 pence/kWh

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Day Ahead (p/therm)</td>
<td>51.70</td>
<td>↓</td>
</tr>
<tr>
<td>April 2015 (p/therm)</td>
<td>50.03</td>
<td>↓</td>
</tr>
<tr>
<td>Summer 2015 (p/therm)</td>
<td>47.03</td>
<td>↓</td>
</tr>
</tbody>
</table>

**UK IPE GAS PRICE**

**Close to close: up at 22.79 EUR /MWh**

**Why?**
European prices continued their bullish momentum due to growing concerns over the gas dispute between Ukraine and Russia and its potential impact on Russian gas transit through Ukraine. Prospects of below-average temperatures for the first week of March, an extension of Norwegian maintenance at the Sleipner field and a reduction in withdrawal capacity at the Rough storage facility provided additional support to short-term maturities. However, early gains were eroded towards the close after the EU said it invited Russian and Ukrainian energy ministers for talks in Brussels on Monday and the Ukrainian army declared it started withdrawing heavy weapons in eastern Ukraine.
For the last day of trading, NBP ICE March 2015 prices jumped 1.71 p/therm at the close (+3.33%), to 53.03 p/therm after an early spike at 54.5 p/therm in the morning. TTF ICE March 2015 prices were also significantly higher for their last close: +74 euro cents (+3.22%), to €23.756/MWh. A drop in oil prices exerted some downward pressure on the far curve, but most contracts ended the session in positive territory. TTF ICE Cal 2016 prices were assessed 22 euro cents higher at the close (+0.96%), to €22.793/MWh.

**Outlook**
The upward trend could come to an end after the Russian Energy Minister Alexander Novak declared that Ukraine has sent a $15 million payment for Russian gas, a few days before a trilateral meeting hosted by the EU in Brussels on Monday which could ease concerns over Russian gas transit through Ukraine for the remainder of winter. The amount sent by Ukraine only represents 40 mm cm at the price paid for Russian gas in December ($378/1000 mm cm), which is a bit more than the average daily imported volume since the resumption of Russian gas deliveries in December. Finally, Naftogaz CEO declared this morning he sees no deadline for the summer gas package with Russia, underlying the fact that Ukraine is less dependent from Russian gas than a year ago thanks to reverse flows from Europe… However, the outcome of the next round of trilateral talks will be a key driver for European prices next week. All in all, Blizzard favours a bearish outlook for European curve prices, but a downward revision in the EC-30 day temperature forecast and uncertainty over the gas dispute could limit losses.

**UK Electricity Market Buy Price: £46.25/MW**

<table>
<thead>
<tr>
<th></th>
<th>Price (p/kWh)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day Ahead</td>
<td>4.150</td>
<td>↓</td>
</tr>
<tr>
<td>April 15</td>
<td>4.415</td>
<td>↓</td>
</tr>
<tr>
<td>Q2 2015</td>
<td>4.385</td>
<td>↓</td>
</tr>
<tr>
<td>Summer 2015</td>
<td>4.340</td>
<td>↓</td>
</tr>
<tr>
<td>Winter 2015</td>
<td>4.780</td>
<td>↓</td>
</tr>
<tr>
<td>Summer 2016</td>
<td>4.420</td>
<td>↓</td>
</tr>
<tr>
<td>Winter 2016</td>
<td>4.880</td>
<td>↓</td>
</tr>
<tr>
<td>Summer 2017</td>
<td>4.460</td>
<td>↓</td>
</tr>
</tbody>
</table>

Close to close: down at £41.50/MWh

**Why?**
Power markets are moving fast and a lot is happening at the moment.

On the prompt, prices are being supported across the board on week- and month-ahead maturities as colder weather is expected. The medium-term weather run also revised temperatures clearly down. This comes at a time when nuclear availability gradually goes down, weighing on the call for coal and gas assets and consequently on prices. Risks of gas supply cuts from Russia to Ukraine also weighed upon power markets strongly, particularly on winter maturities. Ukraine announced it would do a little payment of 15M$, but this is only buying time and is not a durable solution. A meeting organized by the EU commission is expected for Monday with Russian and Ukrainian energy ministers.

**Outlook**
All in all, with some expected relief on gas, power prices could be bearish.
Coal Buy Price: £34.29/tonne
Crude oil prices recover on Israeli Prime Minister warning about a bad nuclear deal
Crude oil prices recovered on Tuesday as Israeli Prime Minister Benjamin Netanyahu warned that the Obama administration was negotiated a bad nuclear deal with Tehran, which would almost guarantee nuclear weapons, while Libyan forces targeted oil terminals in the African nation. Brent crude front-month contract rose by $1.48, or 2.5 percent, to settle at $61.02 a barrel. It slipped nearly 5 percent on Monday, its biggest loss in a month. WTI crude increased by 88 cents at $50.47 a barrel, after it has lost ground earlier.

Lithuania might not prolong long-term gas import agreement with Gazprom
Lithuania might not prolong its long-term natural gas import agreement with Russia’s Gazprom after the existing one expires at the end of 2015, since it has obtained access to global LNG markets, as declared by the state-owned energy company on Monday.

Russian magnate confronted Britain over North Sea agreement
Russian tycoon Mikhail Fridman declared on Monday he would purchase a number of gas licenses in the North Sea in spite of British resistance, threatening lawsuit if London should oblige him to vend them on to a third party.

Britain: decline of coal—fired power generation to five-year low in 2014
Britain’s coal-fired power generation last year dropped to a five-year low, according to government data showed on Thursday, signifying it was possible that power plant emissions of carbon dioxide (CO2) in the EU’s second major carbon polluter also declined.

Average price of Russian gas set to plummet by up to 35% this year
The price of Russian gas supplied to most of the European countries and Turkey could plummet by up to 35% in 2015, tracking lower oil prices, according to Russian newspaper Vedomosti.
European power prices rally after “positive” EU carbon vote
Brent crude futures soared 5 percent on Wednesday, after Saudi Arabia’s oil minister said oil demand was increasing and figures showed Chinese factories were producing more than projected. Brent crude for April delivery boosted $2.97 to settle at $61.63 a barrel. WTI April crude climbed $1.71 to close at $50.99.

Centrica examines final offers for UK gas plants
British utility Centrica is in the process of evaluating final offers for the gas-fired power plants it has put on sale but bids are estimated to be below the firm’s target price of 500 million pounds ($767.8 million), according to sources familiar with the matter.

Terminology
- All oil prices: in US dollar
- Oil product: Brent crude or West Texas Intermediary (WTI)
- Mb/d – Million Barrels per day.
- Freight rates: US dollar per tonne.
- Natural gas prices quoted as pence per therm.
- Power prices quoted as Pounds Sterling per MWh.
- CO2 market: EURO

Information & Data Sources
1. Total Gas & Power
2. GdF Suez
3. Haven Power
4. Coal spot.com
5. FT
6. Energymarketprice

Disclaimer
This material is intended for information purposes only. It does not constitute an independent investment research, a personal recommendation or other general recommendation relating to transactions in financial instruments or an investment advice.

This material is intended for general distribution, it does not take into account any specific investment objectives, financial situation or particular needs of any recipient. It cannot be transmitted to any other person without the prior written consent of Blizzard Utilities Limited.

The information contained herein, including any expression of opinion, is not intended to constitute an offer or a solicitation to buy or sell any financial instruments, products or services, an investment research or an investment recommendation or other financial, investment, legal, tax or accounting advice or any other advice.

Further, all information contained herein has been obtained from and/or is based upon sources believed to be reliable is deemed to be clear, fair and not misleading but cannot be guaranteed as to accuracy or completeness. The views and opinions, forecasts, assumptions, estimates and target prices reflected in this material are as of the date indicated and are subject to change at any time without prior notice. The figures that may refer to past performance herein are in no instance an indication of future valuations or future performance. Blizzard Utilities Limited is under no obligation to disclose or to take account of this document when advising or dealing with or for its customers. Blizzard Utilities Limited nor any of its affiliates, directors, employees, agents or advisers nor any other person accept any liability to anyone for any direct, indirect, special, incidental, consequential, punitive or exemplary damages (including, but not limited to, lost profits) arising from the use and dissemination of this material or the information contained herein.