



Market Intelligence

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GAS REVIEW



Gas News

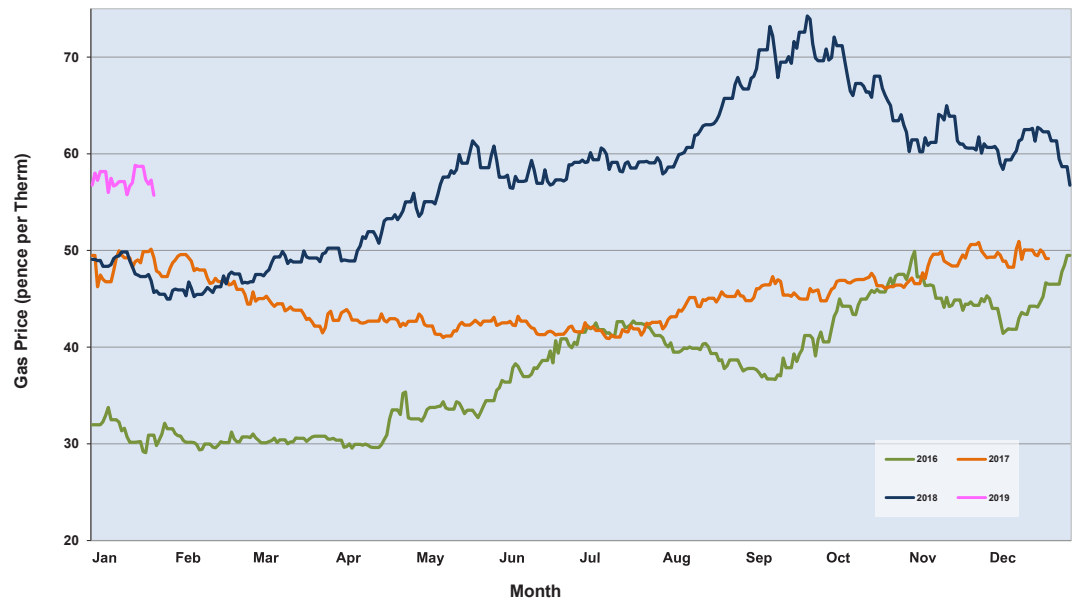
Full to capacity

Gas prices have chopped and changed over the last month, with the oil market acting as a strong influencer. Short-term prices eased due to the unseasonably mild and windy weather which reduced demand from end-users and power generators. However, forecasts of an anticipated drop in temperature for the end of January were enough to drive prices up. The weak short-term prices and generally mild temperatures have resulted in UK storage facilities currently being filled to capacity. LNG terminals are also currently around 75% full due to shipments continuing to arrive in the UK at a steady rate.

Arguably the UK has received a “get out of jail free card” for the first half of winter as no trader would have predicted this back in Q3 of 2018. With the second half of winter still to come and forecasts predicting the UK winter will finally kick in with a vengeance, the market should be less volatile than originally feared.

Globally, China’s gas imports rose massively to 90 million tonnes in 2018 and as a result they have now overtaken Japan to become the world’s largest gas importer. Further growth is anticipated in China as the anti-pollution drive away from coal shows no sign of abating.

Historic NBP Gas Graph



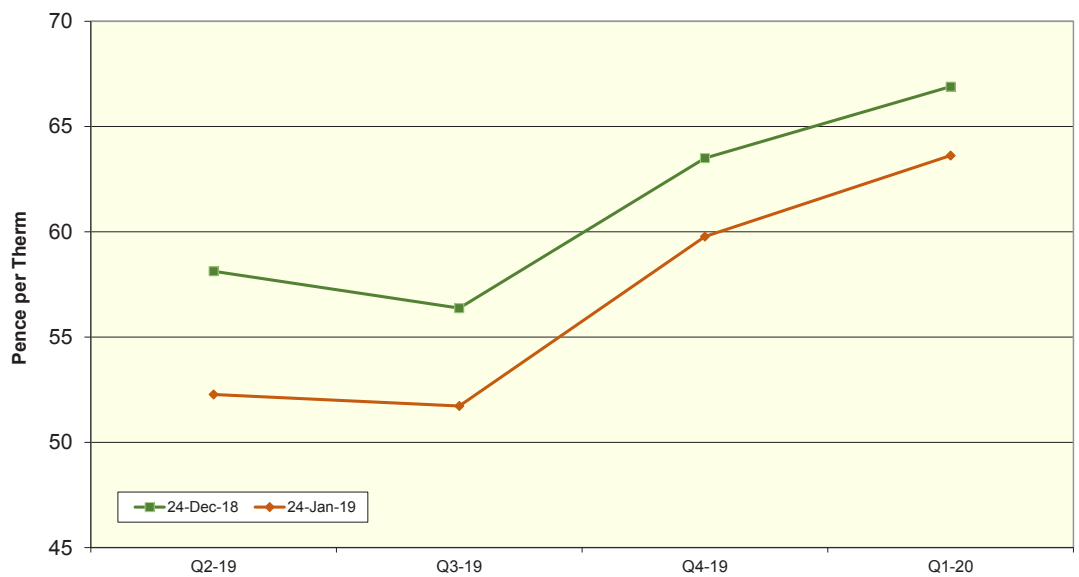
**GAS
REVIEW**



NBP Gas Prices

	Trading date		
	24-Dec-18	24-Jan-19	Increase
Q2-19	58.13	52.28	-5.85
Q3-19	56.38	51.73	-4.65
Q4-19	63.50	59.78	-3.73
Q1-20	66.90	63.63	-3.28
Day-Ahead	65.10	56.30	-8.80
Gas Year 19	58.10	55.73	-2.38

Forward NBP Gas Curve



**ELECTRICITY
REVIEW**



Electricity News

Ups and downs

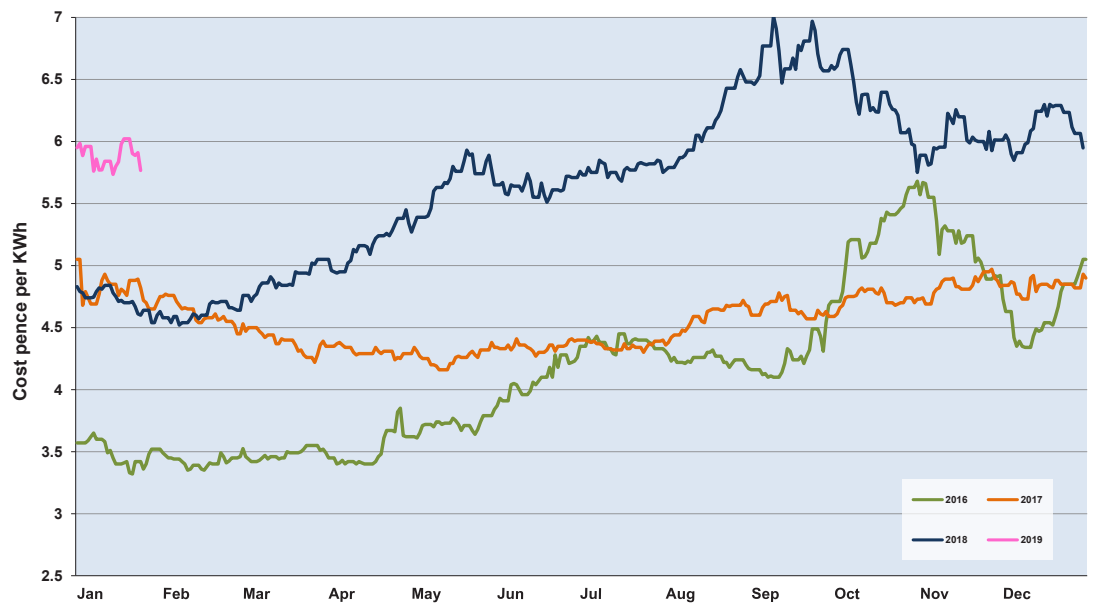
With a predominantly mild month interrupted by several short-term forecasted cold snaps, wholesale pricing was very inconsistent in January. The gale force winds that hit Scotland along with mild temperatures contributed to day-ahead price lows, with forecasts of sub-zero temperatures sending prices in the other direction.

The news of a further 10-week delay in the return-to-service dates at the Hunterston B nuclear power plant and EUA carbon allowance gains both contributed to rising prices across most UK power

periods towards the end of 2018. Since the turn of the New Year, EUAs have fallen dramatically due to European economy concerns and uncertainty over the UK's participation in the EU Emissions Trading Scheme.

With the ever-growing popularity of sustainable energy, recent findings have shown that renewables accounted for a record 33% of UK power output at one stage in 2018, whilst 4,728 solar panels – a record number for a single month – were installed in November 2018.

Undelivered Wholesale Electricity Rates



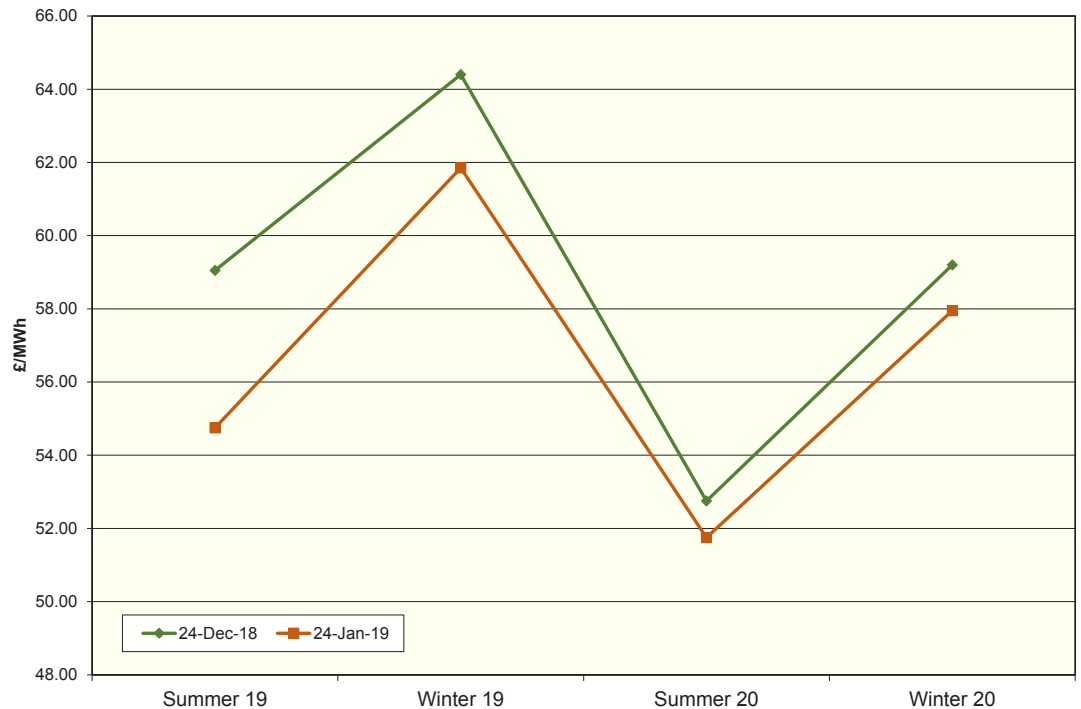
**ELECTRICITY
REVIEW**



OTC Power Price Assessments £/MWh

	Trading date		
	24-Dec-18	24-Jan-19	Increase
Summer 19	59.05	54.75	-4.30
Winter 19	64.40	61.85	-2.55
Summer 20	52.75	51.75	-1.00
Winter 20	59.20	57.95	-1.25
Day-Ahead	67.75	59.75	-8.00

OTC Electricity Forward Price Curve



OIL REVIEW



Melting pot

Oil prices over the festive period have been inconsistent as fears surrounding the global economic growth and US output levels outweighed the anticipated impact of OPEC-led production cuts, causing prices to drop as low as \$50/barrel. As we entered the New Year, prices spiked dramatically due to Saudi Arabia's slowing exports, indicating the previously mentioned OPEC-led production cuts were beginning to affect prices. Alongside this, falling US

inventories and tax cuts, designed to boost China's economy, have also fuelled the rise.

Looking ahead, equal pressure from the uncertainty of worldwide economic growth and OPEC's desire to steady the ship by imposing cuts across its members output have left oil prices finely balanced. Factor in the current political instability in Venezuela, one of OPEC's largest producer,s and the melting pot just increases in temperature.

MARKET
INFORMATION

Energy & politics

Aside from the weather and worldwide geopolitical issues, the UK is encountering levels of political unrest not seen for

decades. The looming impact of Brexit gets closer by the day ... Will the UK leave the EU with or without a deal? Will the UK even leave the EU? No-one reading this report can provide an answer and most will have varying thoughts on what each outcome will bring. Energy Management can only really comment that the uncertainty of it all will impact on many aspects of the energy market; some will have a bearish effect, others will have a bullish effect. Fluctuations in

the power of sterling compared to the Euro and US Dollar can make energy costs vary without any movement in the actual

commodity cost. The next eight weeks could see energy markets in the UK move away from those in Europe, as previous synergy is lost in the confusion of what seems to be an unresolvable issue between the UK and 27 member states of the EU.

“ **The looming impact of Brexit gets closer by the day ... Will the UK leave the EU with or without a deal? Will the UK even leave the EU?** ”

Energy Management will continue to observe and comment on developments to ensure its customers can secure optimal pricing in a very uncertain market.



