

Weekly Energy Market Report

19th December 2018

Gas prices increased this week following forecasts of colder weather due in January, along with strong trading in both Coal and particularly Carbon markets. The rise has been tempered somewhat by increasing wind generation and weak oil prices, but the upward trend has been steady and continues into the Christmas week.

Power contracts have mirrored those of Gas, but appear more volatile and prices have risen much faster than the NBP. If forecasts for January continue to predict colder temperatures, we should expect to see the entire matrix trade upwards into the New Year.

Crude Oil continues to lose ground again this week, as the expected drop in US crude inventories proved much smaller than anticipated, and Russian and US production is forecast to increase, whilst the previously-touted OPEC production slowdown is yet to materialise. Brent Crude is currently trading down at \$56.26/bbl.

Sterling has stabilised somewhat this week following PM Teresa May's victory at the internal no confidence vote. However there is still no sign of any progress with the EU and the Brexit bill now due to be voted on mid-January still looks very likely to fail, leading either to a general election, a second referendum, or even a no-deal scenario.

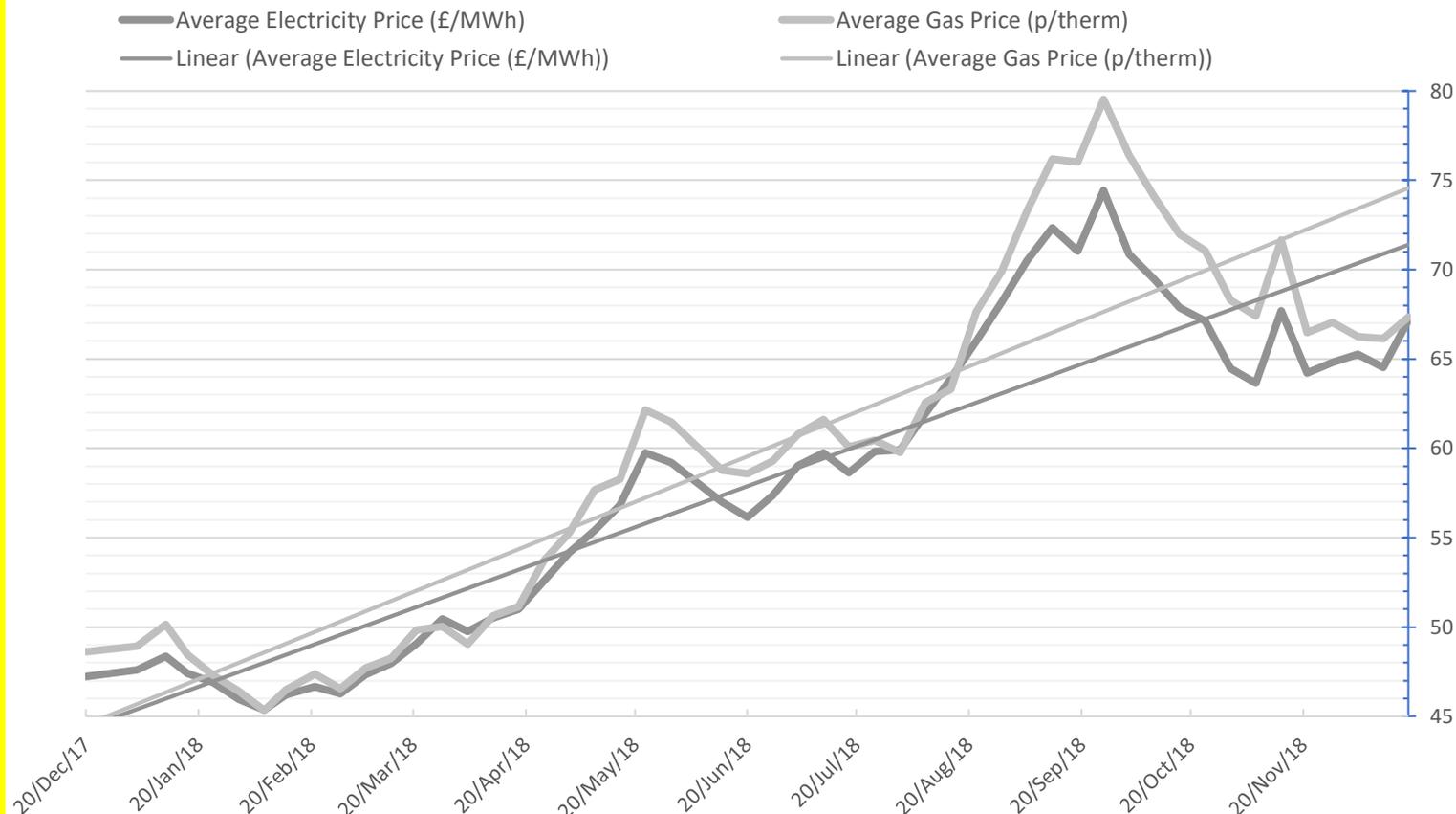
This week the government and the EU have both announced preparations are being made for no-deal which would normally trigger a fall in GBP. However the option of extending or even withdrawing Article 50 to buy more negotiating time, along with a weakened US Dollar (following an economic slowdown) have largely kept GBP afloat.

Currently trading at \$1.2637 USD and likely to hover around this mark until the key Brexit vote in January provides some clarity over likely future paths.



MURPHY YOUNG
UTILITIES

YEAR AHEAD PRICING (ENERGY ONLY)



Electricity (£/MWh)		
Prompt Price	Future Price	Average Price
67.65	66.70	68.18



PRICE MOVEMENTS
OVER PAST WEEK

Gas (p/Therm)		
Prompt Price	Future Price	Average Price
67.64	67.10	67.37

