

# Weekly Energy Market Report

16<sup>th</sup> January 2019

Gas prices have fallen over the past week due to an oversupplied system, a full LNG delivery programme and weaker trading in the wider commodities markets. This morning however has seen colder weather forecasts for the end of the month start a slight rally in prices and we should expect to see all commodities move slowly upwards next week.

Power contracts are also marginally down this week, but prices have been propped up by planned outages at two of the UK's nuclear reactors, and a forecasted fall in wind generation keeping supply margins tight.

Oil prices continue their slow recovery, as Saudi Arabia and Russia cut their export levels. However US stockpiles have been increasing and slower economic growth in China prevent Brent Crude from gaining a foothold above \$62, trading today at around \$60.24/bbl.

Brexit continues to make all the headlines, without actually making any headway as parliament voted by an overwhelming 230 votes majority to reject PM Theresa Mays proposed Brexit deal last night.

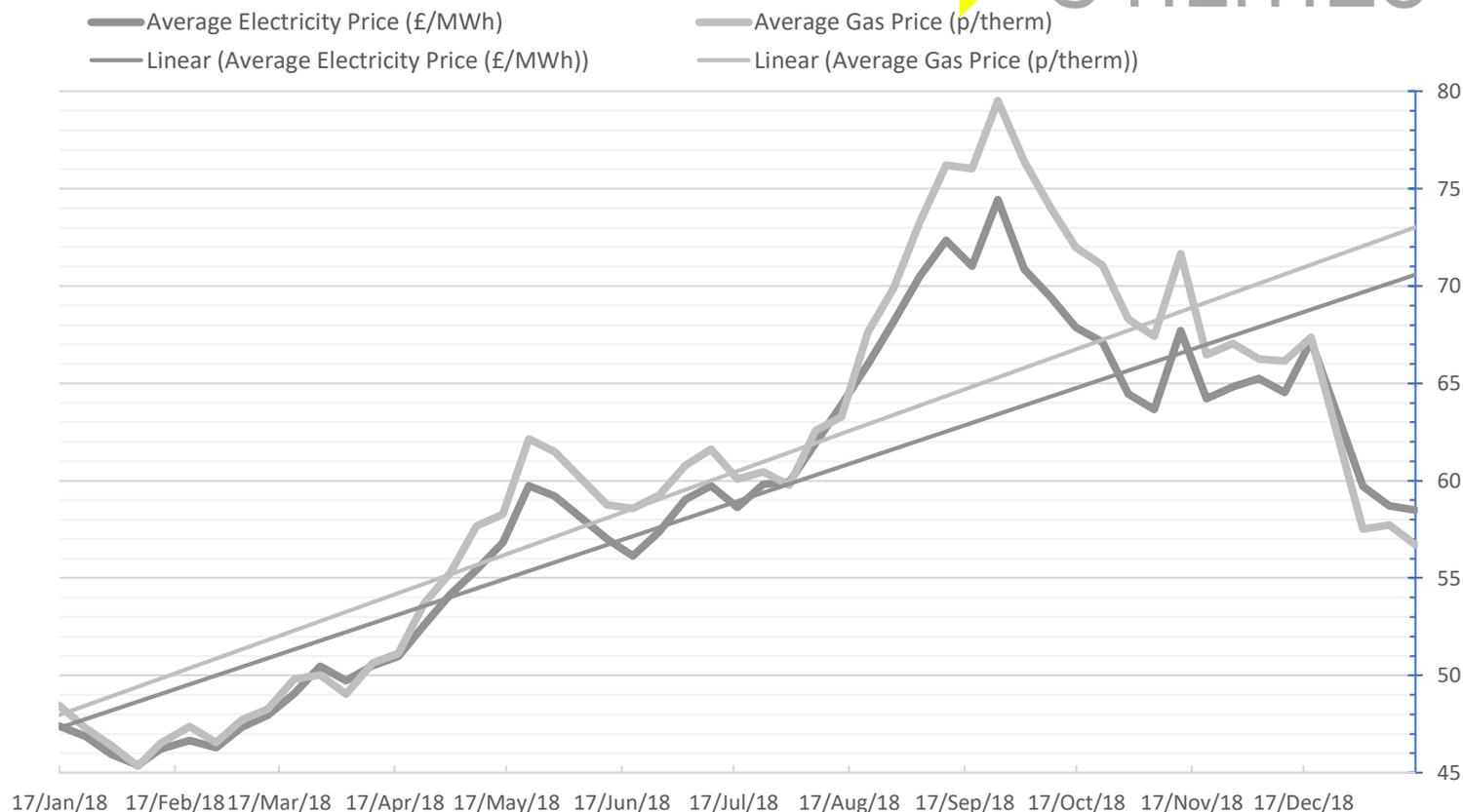
Analysts believe this further reduces the chance of No-Deal happening, and whilst she only has 3 days to present her 'Plan B', there is growing consensus that Article 50 may be extended, allowing further time for renegotiation with the EU.

Whilst the US economy remains in neutral, GBP has seen marginal gains and some positive trading following the result of last night's vote. Today sees a vote of no confidence in the Government debated, and likely defeated, providing some stability for the next round of talks. Do not expect to see Sterling move much from its current position of \$1.2859 USD unless the PM can come back from Brussels with a legal assurance over the Irish backstop being limited.

## YEAR AHEAD PRICING (ENERGY ONLY)



MURPHY YOUNG  
UTILITIES



Electricity (£/MWh)		
Prompt Price	Future Price	Average Price
61.13	55.85	58.49



-0.4%

PRICE MOVEMENTS  
OVER PAST WEEK

Gas (p/Therm)		
Prompt Price	Future Price	Average Price
59.96	53.50	56.73



-1.7%