

Weekly Energy Market Report

23rd January 2019

Gas prices were predicted to rise this week as the Coal and Carbon markets have strengthened steadily over the period. However an over-supplied system and revised warmer weather forecasts for Q1 have seen prompt prices fall further than long-term contracts have risen, resulting in a small overall drop in average prices.

Power prices have seen strong rises in long-term contract prices, following the trend set by the wider commodities market, but prompt prices have also increased due to reduced wind generation and continued strength in Crude oil prices.

Brent Crude has risen by \$1.70/bbl this week as OPEC published quotas showing how much each member would cut production by, alongside reports that the US may not offer further Iranian sanction waivers with the current waivers set to expire in May. The increase in prices could well have been far greater, but the slowing global economy (especially in China) and stronger US Dollar have acted to stabilise the market somewhat.

The Pound has made small gains this week as amendments have been tabled in Parliament seeking to extend Article 50 and give MPs greater power to avoid a 'no-deal' Brexit and the Polish Foreign Ministers proposing the Irish backstop could be limited to 5 years (which would bring rebel Tory MPs and the DUP back onside with Teresa May's potential 2nd draft withdrawal agreement).

On the negative side, such a concession from all 27 EU members seems unlikely at present and momentum behind calls for a 2nd referendum seem to have slowed.

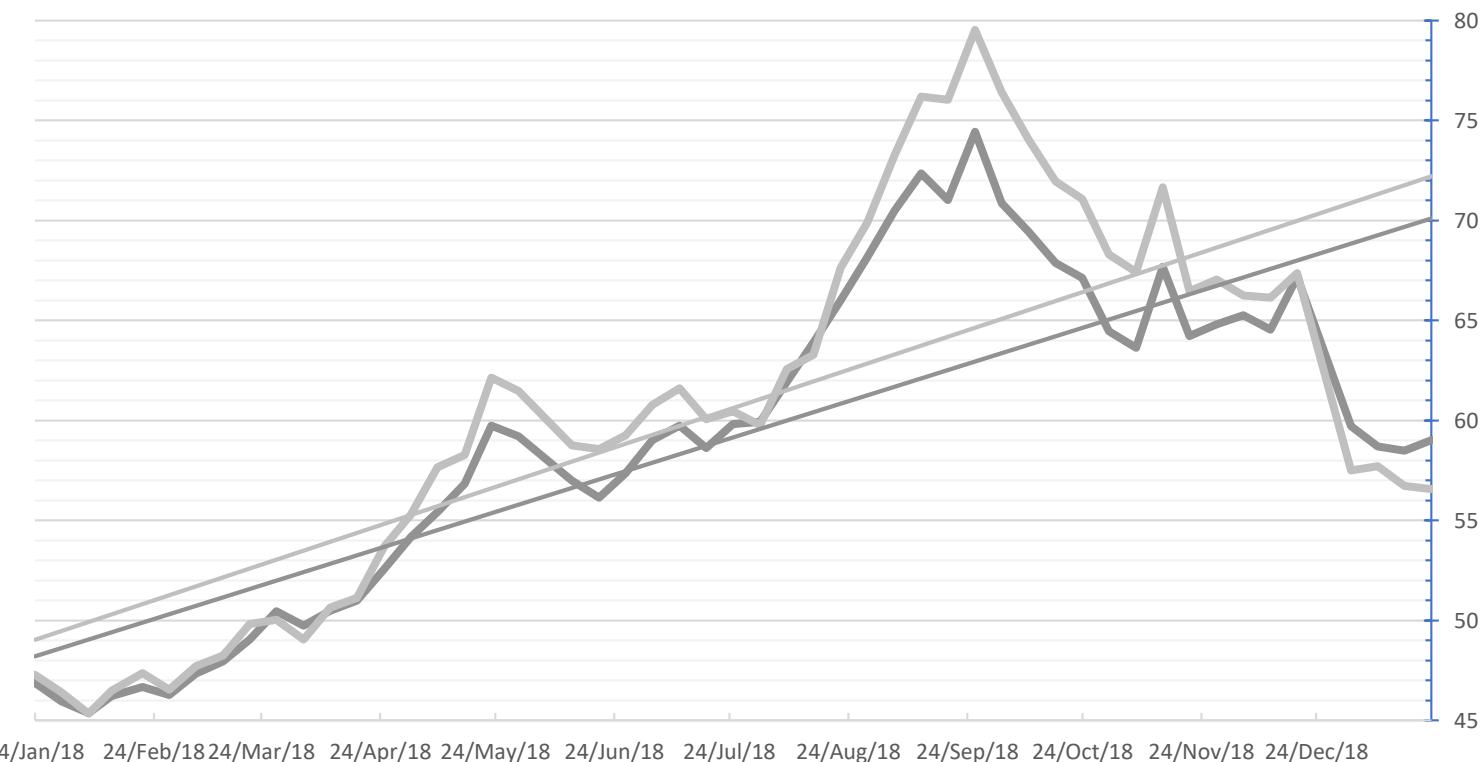
UK wages grew at their fastest rate since 2008 and unemployment continues to fall but the BoE maintains its position that no interest rate hikes will be made until Brexit is resolved, meaning Sterling only rose as far as \$1.2978 USD

YEAR AHEAD PRICING (ENERGY ONLY)



Average Electricity Price (£/MWh)

Average Gas Price (p/therm)



Electricity (£/MWh)

Prompt Price	Future Price	Average Price
61.30	56.75	59.03

Gas (p/Therm)

Prompt Price	Future Price	Average Price
59.23	53.90	56.57



PRICE MOVEMENTS
OVER PAST WEEK

