

# Weekly Energy Market Report

30<sup>th</sup> January 2019

Gas contracts have fallen heavily this week due to an oversupplied system, milder weather forecasts and losses across both the Coal and Carbon industries across the week.

Increased forecasts for demand today and gains within the Oil market have seen all three commodities tick back up, but prices today remain well below those of last week.

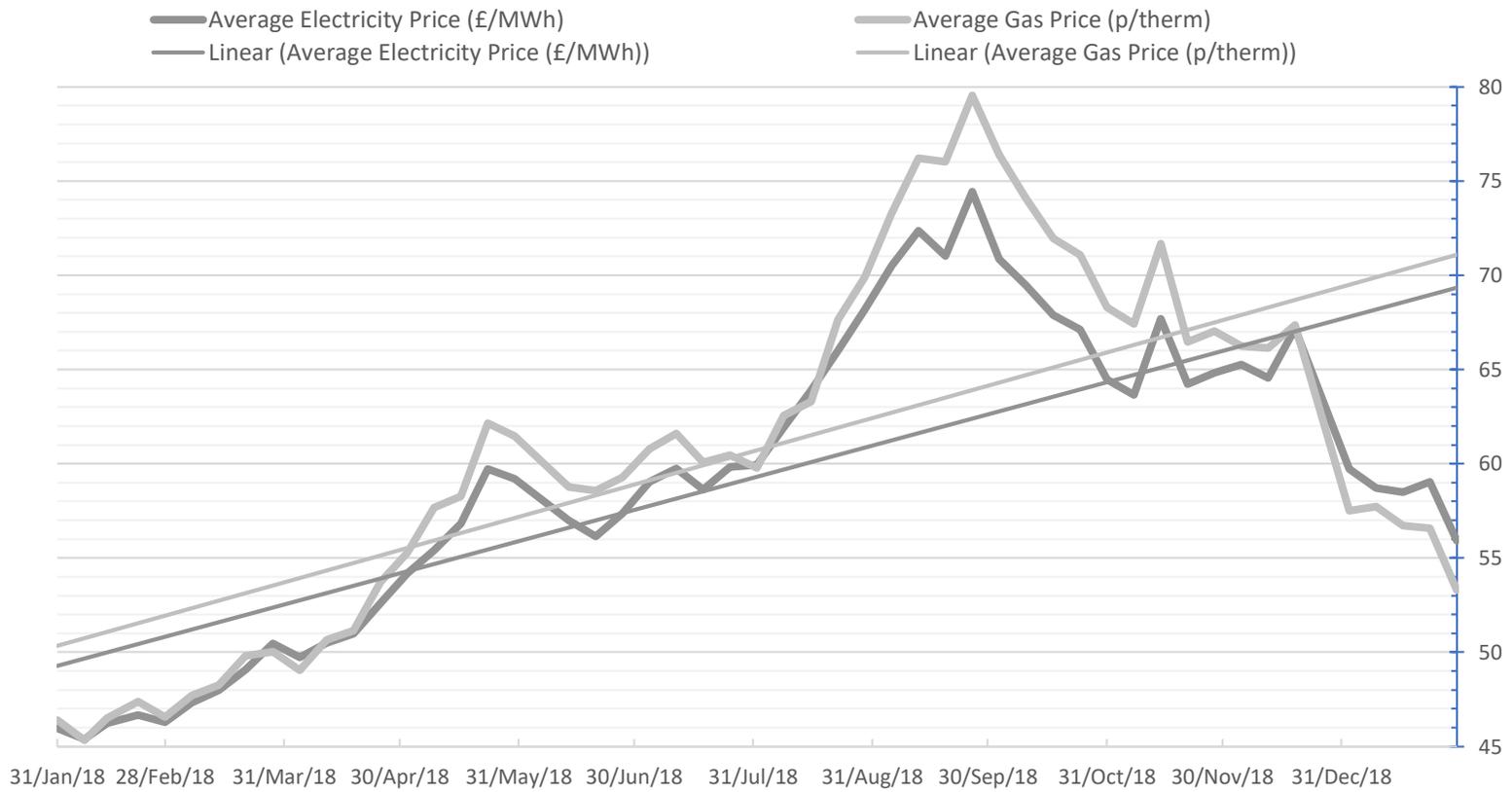
Power prices have tracked movements in the NBP Gas market and have seen a similar drop in forward and prompt contracts. As with Gas however, today has seen prices begin a rebound that we might expect to carry into the weekend.

Crude oil prices have oscillated gently over the week with weaker Chinese demand and reports of an increasing number of US oil rigs fuelling speculation that US production is set to grow yet further, driving prices down. Meanwhile, Saudi Arabia pledged to cut its production further and tensions between the US and Venezuela's disputed government and the oil company PDVSA have supported prices, so the net change across the week is marginal.

GBP has seen a strong week and has risen above the \$1.3 USD mark for first time in weeks.

Several proposed amendments to the Brexit deal debated last night had driven analysts to lengthen the odds on a no-deal Brexit, pushing the currency upwards. The final vote at 19:00 last night however dismissed proposals to extend Article 50 in the event of no deal being agreed by the end of February and instead focussed on attempts to renegotiate an alternative solution to the Irish backstop question.

This strengthens Mays bargaining power going back to Brussels (as the EU does not want no deal either), but we enter a high-stakes game of negotiation with the clock ticking that will likely hurt Sterling until a deal is struck. At present we are trading up at \$1.3085 USD



Electricity (£/MWh)		
Prompt Price	Future Price	Average Price
57.60	54.25	55.93

Gas (p/Therm)		
Prompt Price	Future Price	Average Price
55.10	51.50	53.30

