

Weekly Energy Market Report

06th February 2019

Gas prices have fallen through the week both on prompt and long-term contracts as the UK system continues to be over-supplied, with warmer temperatures returning and a weak Coal market. Carbon prices are largely flat across the week but look set to recover ground next week, which may affect the wider commodities mix.

Power prices have also fallen, following the strong downward trend in NBP. However the strengthening Carbon market threatens to support Power prices going into the weekend and this has held Power contract prices back from falling as fast as Gas has been shown to this week.

Brent Crude remains volatile this week as US sanctions in Venezuela and a strengthening Dollar, alongside continuing OPEC production cuts have seen prices rise and fall day on day.

Brent currently trading down at \$61.40/bbl, but was as high as \$63.5 at the start of the week. Any resolution of the Venezuela situation would provide more predictability going forwards, but it is unclear at the time of writing when this will come about.

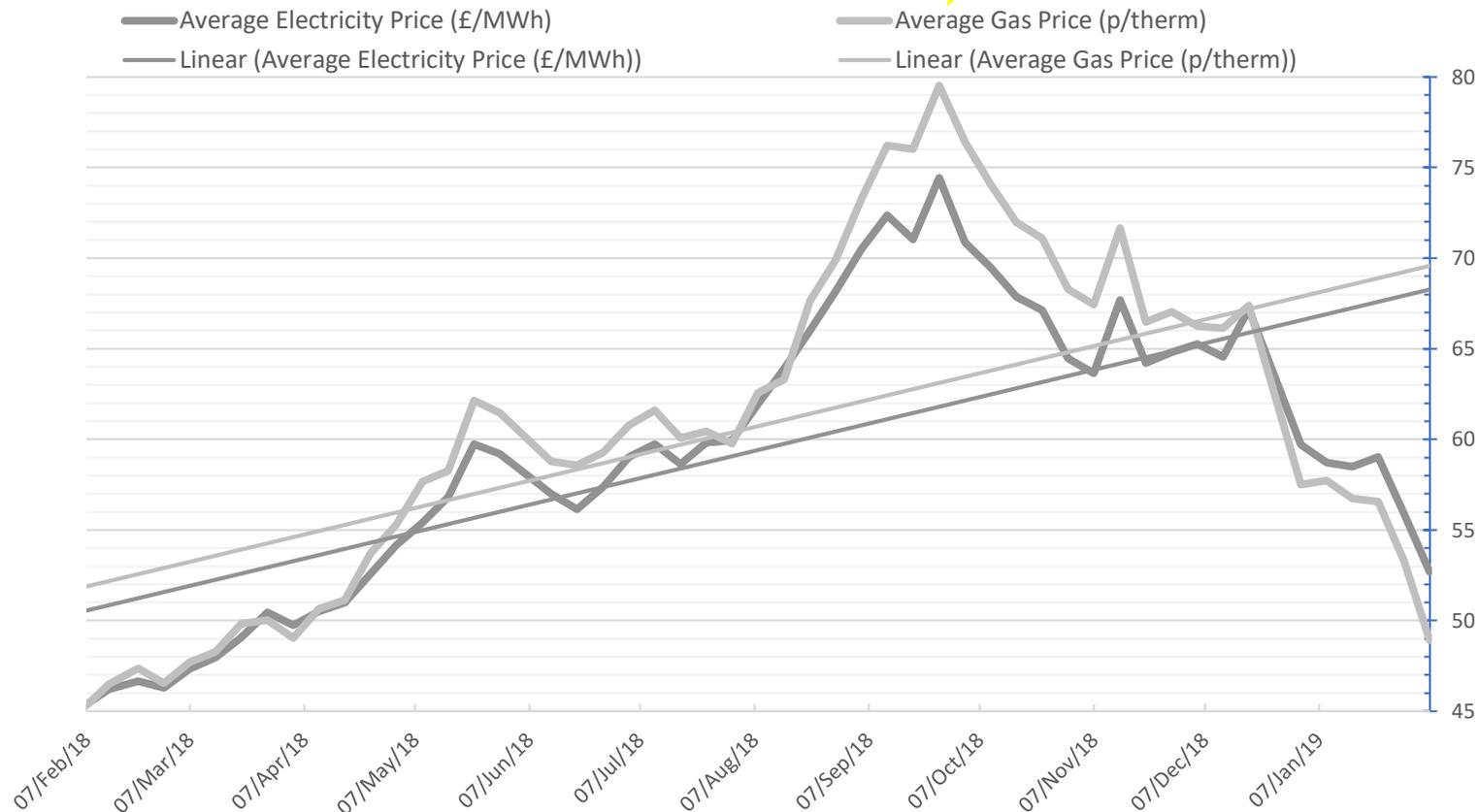
Sterling has slid across the week and slipped below the \$1.3 USD mark today, trading at around £1.2962 USD. Figures released this week showed the UK's key Services sector activity fell in January to its lowest level since the referendum in 2016, whilst manufacturing and construction industries also slowed.

Brexit negotiations (or perceived lack thereof) centre around the Irish backstop issue, and inflammatory comments from Donald Tusk, with the risk of a No-Deal exit creeping higher as the EU refuses to reopen discussions. Expect the Pound to backslide until March when the looming deadline may force an extension of Article 50, prompting a recovery, but Sterling remains largely range-bound.

YEAR AHEAD PRICING (ENERGY ONLY)



MURPHY YOUNG
UTILITIES



Electricity (£/MWh)		
Prompt Price	Future Price	Average Price
53.25	52.15	52.70

Gas (p/Therm)		
Prompt Price	Future Price	Average Price
49.88	48.00	48.94

