

Weekly Energy Market Report

13th February 2019

Gas prices continue to fall as milder temperatures and a well-supplied system combine with strong LNG import levels and weakened Coal and Carbon markets. Coal prices have shown signs of a recovery but still remain restricted and the wider commodities mix remains bearish.

Power prices have almost mirrored those of the NBP Gas markets as we look to emerge from the winter months with no supply shocks to suffer. Longer contracts have drifted downwards in parallel, but may see prices rebound following increasing Oil prices and an eventual resolution to the Brexit uncertainty currently putting the UK economy 'on hold'.

Crude Oil prices have risen by around \$2 USD/bbl this week as OPEC production cuts begin to hit, but the continuing situation between the USA and Venezuela maintains a cautionary note, which along with stronger US Dollar is preventing Oil prices from gathering too much momentum.

Sterling has suffered as a number of disappointing economic statistics released this week show the UK economy slowing in almost all areas, with a widening trade deficit as UK companies bulk import safety stocks to bunker them through any early disruption to supply routes post-Brexit.

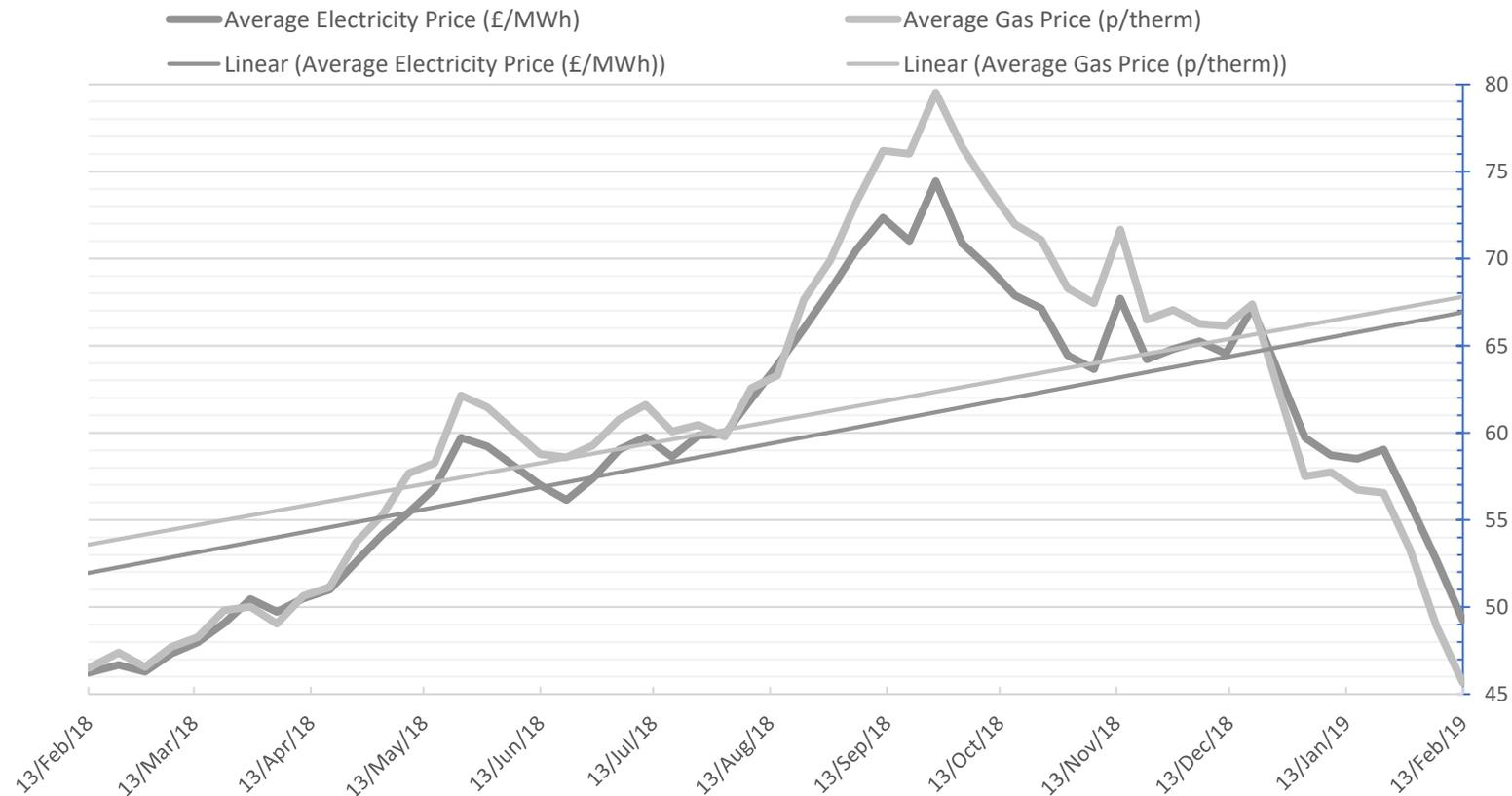
PM Teresa May has spent her time between London, Brussels and Belfast to try and find some wiggle room from the EU on the Irish backstop solution that would see a legal addendum or codicil give her Withdrawal Agreement a fighting chance of getting through Parliament by March 29. The political stare-down between May and EU leaders is likely to run down to the wire, which raises short-term risks of no-deal for analysts, which in turn damages the Pound.

A likely last-second extension of Article 50 would buy time and breathing space for Sterling but with US-China trade negotiations going well, the bullish Dollar will likely pressure GBP for weeks to come. The current exchange rate has slid to \$1.2888 USD.

YEAR AHEAD PRICING (ENERGY ONLY)



MURPHY YOUNG
UTILITIES



Electricity (£/MWh)		
Prompt Price	Future Price	Average Price
49.83	48.70	49.26

Gas (p/Therm)		
Prompt Price	Future Price	Average Price
46.42	44.95	45.68

