

Weekly Energy Market Report

20th February 2019

Gas prices have risen this week despite milder temperatures. Norwegian maintenance issues have been affecting supply since Tuesday, and both coal and carbon markets are showing modest gains across the week.

Power prices have also climbed back up a little this week, following the trend in the wider commodities mix. Australia's largest coal miner Glencore announced a cap in its global coal production and Oil prices continue to climb.

Crude oil has risen from \$63.35 to £66.10/bbl following announcements from OPEC that they intend to cut production further. Saudi Arabia continues to cut production more than anticipated and Russia is preparing to make good on its promises to follow suit. Positive noises from US-China trade negotiations also support demand in the market.

However US crude oil inventories rose for the 4th week in a row and the US rig count continues to climb. Analysts feel that the Saudi cuts cannot be sustained and prices may soon peak before retracing gains once OPEC cuts are eased.

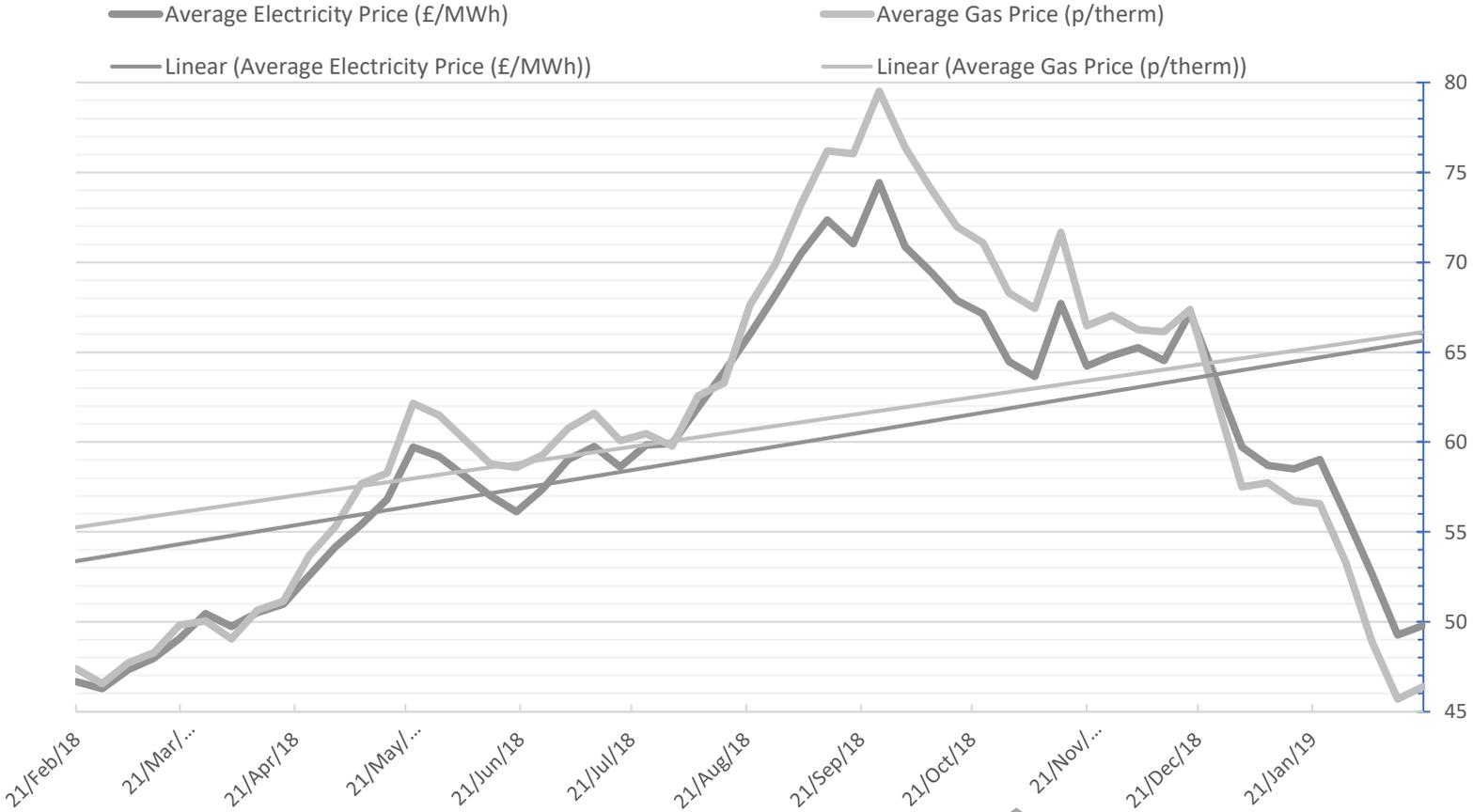
Sterling remains largely range-bound until at least the next 'meaningful vote' in Parliament on 27th Feb. On Friday MPs voted against the Governments current Brexit strategy, Donald Trump declared a state of national emergency to liberate funding for his border wall and we have seen 8 Labour and 3 Tory MPs resign from their parties and splinter away to form the new Independent Group.

French President Macron commented over the weekend to the effect that European countries may be ready to provide legally binding assurances on the Irish backstop. Indeed more recent reports suggest progress is being made with negotiations. Until progress is substantiated, uncertainty remains in the market and Sterling will hover around current levels. Sterling is trading up today at around \$1.3035 USD

YEAR AHEAD PRICING (ENERGY ONLY)



MURPHY YOUNG UTILITIES



Electricity (£/MWh)		
Prompt Price	Future Price	Average Price
50.08	49.50	49.79

Gas (p/Therm)		
Prompt Price	Future Price	Average Price
47.08	45.72	46.40

