

Weekly Energy Market Report

20th March 2019

Gas prices have fallen this week as weather forecasts remain mild. Coal and Carbon markets have lost value and wind power generation remains strong. The UK is importing vast quantities of cheaper LNG that might normally be expected to go to the far east. Consequently, UK gas supplies are currently around 4mcm oversupplied.

SSE has just announced it intends to close the coal plant at Fiddlers Ferry at some point this year in response to the Government's commitment to phase out coal powered plants, which will inevitably create a significant shortfall of supply and drive prices up again. However, until the date for this is announced, this bearish pressure from NBP and the wider commodities mix as a whole has driven Power prices down in parallel. Both prompt and longer term contracts are all under pressure at present.

Crude oil prices have lost value this week. OPEC look set to continue their production cuts into June and Venezuela's production fell by 142,000 bpd in Feb. However this was more than off-set by increases in US production, along with Iraq and Nigeria producing more than was agreed with OPEC. Fears of economic slowdown in Europe and Asia is also driving down prices. Currently Brent Crude is trading down at around \$67.15/bbl.

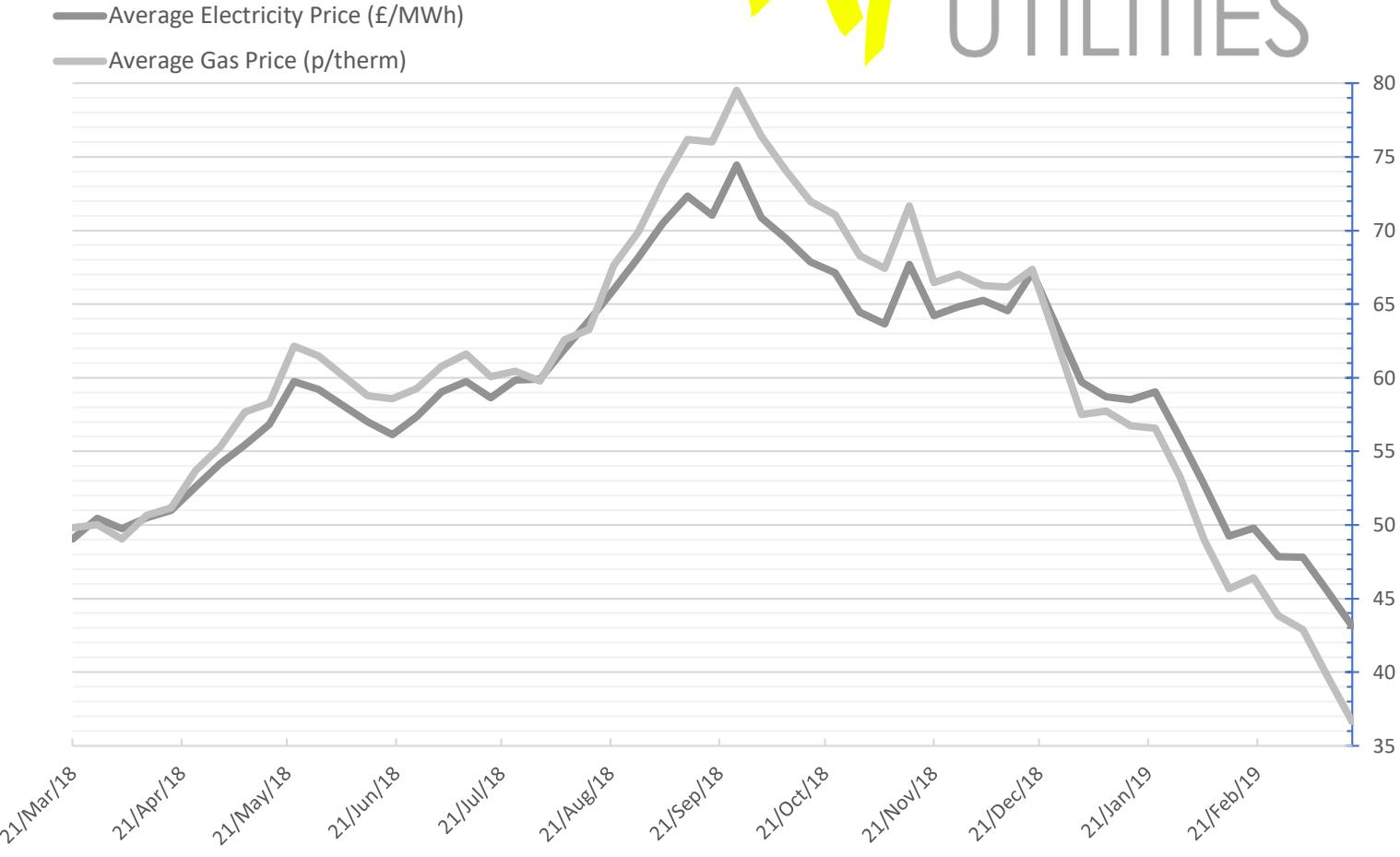
The week has been tough for Sterling with Brexit negotiations dominating headlines. PM Teresa May has been forced to request a 3 month extension to Article 50 from the EU. Speaker of the House John Berkow ruled on Monday that the PM cannot bring her proposed Withdrawal Agreement back to parliament without substantial changes, something unlikely to happen in just 3 months. Unless all 27 EU Member states agree the UK is set to leave on March 29th with no deal.

Sterling currently sat at \$1.3200 USD but could plummet if no deal is not avoided in the next 9 days.

YEAR AHEAD PRICING (ENERGY ONLY)



MURPHY YOUNG
UTILITIES



Electricity (£/MWh)

Prompt Price	Future Price	Average Price
43.15	43.12	43.14

Gas (p/Therm)

Prompt Price	Future Price	Average Price
36.79	36.52	36.66

-5.2%

PRICE MOVEMENTS
OVER PAST WEEK

-7.7%