

Weekly Energy Market Report

10th April 2019

Gas prices have jumped this week on the back of an unexpected 15% drop in supply from Norwegian flows running the UK system short, along with colder weather forecasts driving up demand.

Power prices have also risen, with persistent increases in Coal and Carbon markets adding to the bullish sentiment from NBP. Factor in the reduced renewables generation down to poor environmental influences, and all signs point upwards at present.

Given the sustained period wherein both Power & Gas wholesale prices fell since October, it was perhaps inevitable we would see prices rebound strongly (as illustrated in the graph, right). The consolation is that large changes in wholesale prices have shown limited impact on retail prices as suppliers seek to maintain position amid Brexit uncertainty, so consumers may not feel the full sting of these price rises too deeply until Brexit is resolved.

Crude oil prices continue to rise as OPEC production cuts combined with US sanctions against Iran and Venezuela, and the start of a slow down in US shale outputs. However, US crude inventories continue to climb and Russia has recently indicated it may increase production again in the 2nd half of the year, meaning the upward curve has softened and may be expected to consolidate at current levels around \$70.94/bbl

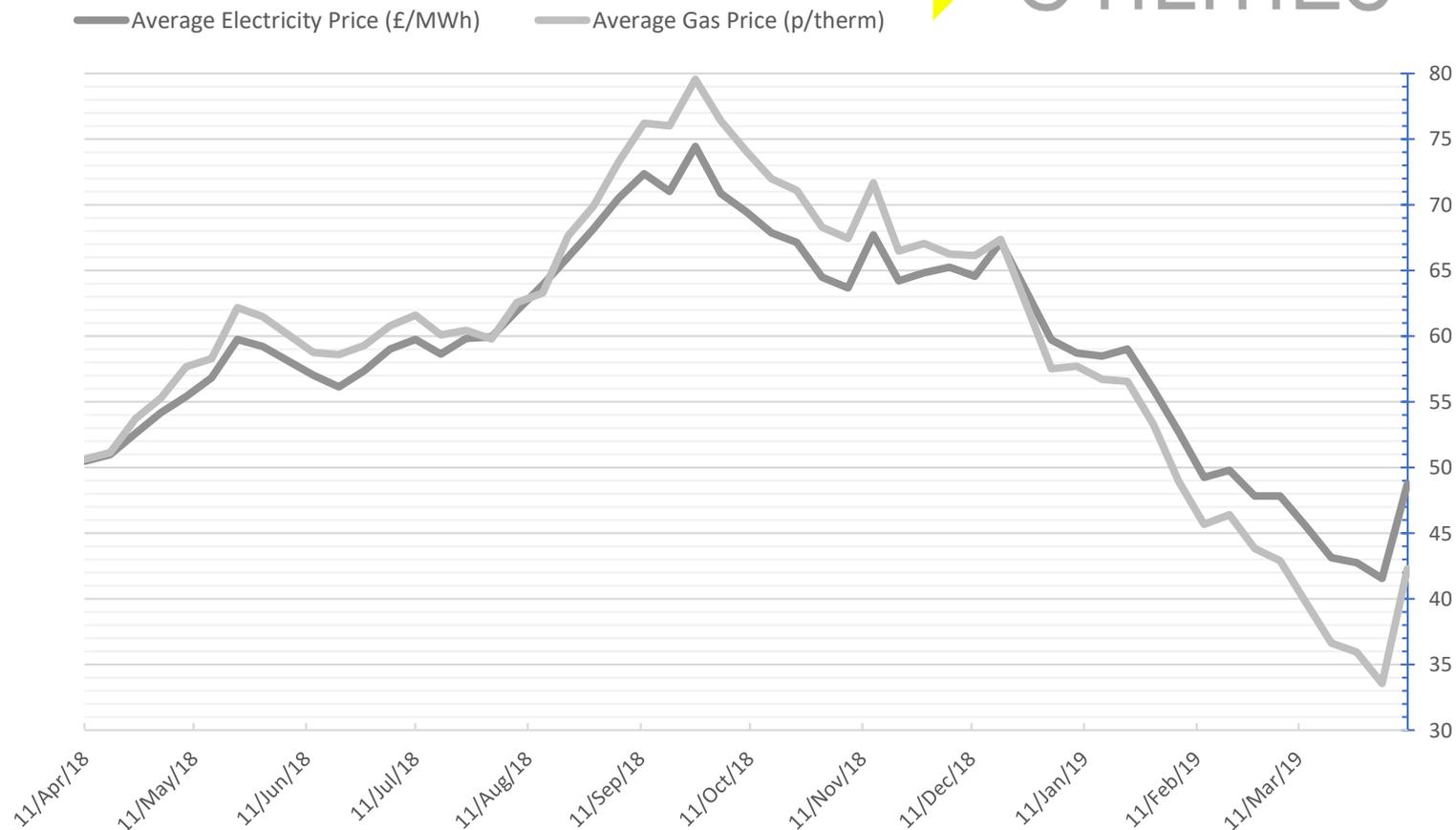
Sterling continues to suffer from Brexit uncertainty, and with just 2 days to go until the current exit date, EU leaders are due to meet tonight to hear PM Theresa May's pleas for a further extension to Article 50. The length of such an extension remains undetermined, with a longer delay thought to be marginally more beneficial for GBP by analysts.

For now, the Pound sits within range at £1.3082 USD until any significant political movement causes a dynamic shift against a firm Dollar.



MURPHY YOUNG
UTILITIES

YEAR AHEAD PRICING (ENERGY ONLY)



Electricity (£/MWh)

Prompt Price	Future Price	Average Price
47.74	49.75	48.75

17.2 %

Gas (p/Therm)

Prompt Price	Future Price	Average Price
41.08	43.50	42.29

25.9 %

PRICE MOVEMENTS
OVER PAST WEEK