

Weekly Energy Market Report

15th May 2019

Gas prices have fallen this week as a result of the warmer weather and forecasted above average seasonal temperatures through June. The UK gas system remains over-supplied as LNG imports continue apace this month. US-China trade wars also mean there will soon be a glut of American LNG flooding the market that would otherwise have been shipped to the hungry Chinese market.

Power prices are down very slightly following the NBP movement, but tempered by low wind production and solid Coal and Carbon markets. Last week Britain's power stack was completely coal-free for the first time in decades, as Government initiatives to meet our carbon commitments increasingly push toward renewable energy sources. Short term, the value of Coal remains stable as the closure of production facilities cuts supply in parallel against the fall in demand.

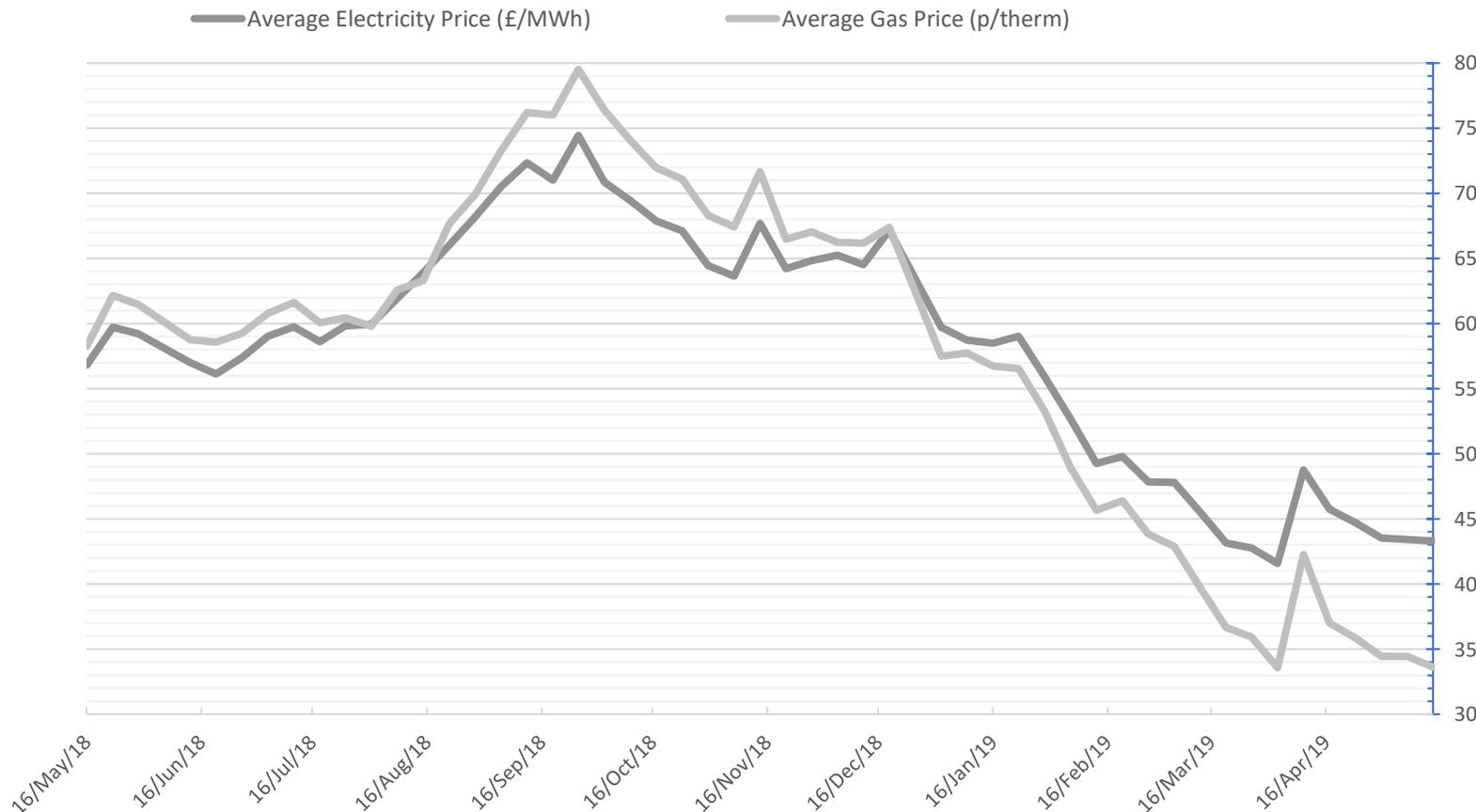
Brent Crude prices are up across the week, but have been pushed and pulled in all directions by cuts in OPEC production, (along with instability in Libya, Iran and Venezuela), and attacks on Saudi oil tankers in the Persian Gulf and drone attacks on pipeline pumping stations. The restrictions to supply are being balanced somewhat by a slowing demand as US-China trade wars escalate once again, and reports of a surprise build in crude oil inventory in the USA of 8.6m barrels last week. Brent is currently trading up slightly at just over \$70/bbl USD.

The stalemate in cross-party means Sterling has slipped slowly downwards through the week, with news last night that the PM plans to bring her Withdrawal Bill back to parliament for a 5th attempt in early June. With neither party seemingly willing to cede ground on their 'red lines', it is expected that the bill will struggle to find support in Parliament and analysts predict it will signal the end for the current PM. With her successor likely to be more anti-EU, odds of no deal are increasing and the Pound is down to \$1.2908 USD, with markets waiting to see what happens before making any sudden movements.

YEAR AHEAD PRICING (ENERGY ONLY)



MURPHY YOUNG
UTILITIES



Electricity (£/MWh)		
Prompt Price	Future Price	Average Price
42.38	44.20	43.29

Gas (p/Therm)		
Prompt Price	Future Price	Average Price
32.32	34.93	33.62



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