

Weekly Energy Market Report

29th May 2019

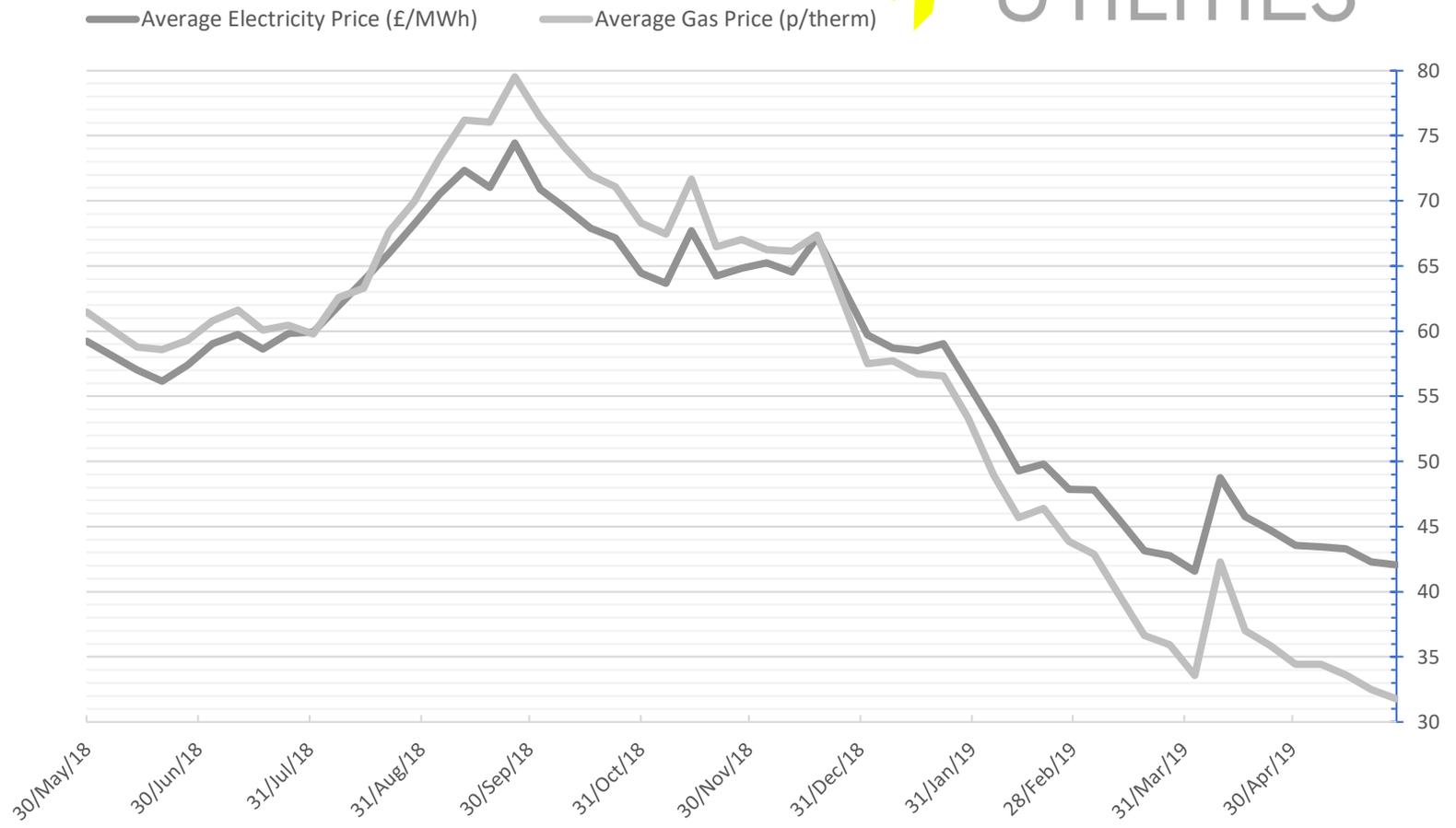
Gas contracts have reduced marginally from last week as warmer weather forecasts and the continued glut of LNG keeps the market well supplied. Coal prices are down whilst the Carbon market remains flat over the course of the week. The US has signed a deal with the EU to double LNG shipments by 2020, and Russia continues construction of the Nord Stream 2 pipeline, suggesting future gas supply in Europe would greatly outweigh any demand and push Gas prices ever downwards.

Power prices have been supported by poor wind power generation and firm Carbon prices. The growing market for electric vehicles is starting to weigh on wholesale prices also, with Tesla releasing lower cost vehicles and many companies looking to launch electric vans and trucks in the near future also.

As has been the case through much of 2019 however, the steady fall in wholesale energy prices is not being reflected in retail prices, as Brexit uncertainty and a highly challenging financial market force suppliers to protect their prices for as long as they can.

Crude oil prices have slipped well below the \$70 USD barrier this week as US production and inventories continue at record rates. Trade relations between the US and China continue to sour and drag on global demand, pushing oil prices down further. We continue to have supply shortages from Venezuela, Libya, Iran and even Russia (with contaminated pipelines), and OPEC+ production cuts remain, but the US output is the driving factor on prices this week.

Sterling has fallen further this week following the announcement that PM Theresa May will resign on 07th June. This is largely based on the belief that any replacement Tory leader would be forced into a hard-Brexit stance that would vastly increase the chances of no-deal. The Pound fell to \$1.2645 USD but is not likely to trade sideways until the next PM is sworn into office in July and we know which way the political wind blows.



Electricity (£/MWh)		
Prompt Price	Future Price	Average Price
41.33	42.80	42.06

Gas (p/Therm)		
Prompt Price	Future Price	Average Price
30.53	33.04	31.78

PRICE MOVEMENTS OVER PAST WEEK

-0.5%

-2.1%

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