

Weekly Energy Market Report

05th June 2019

Gas prices have fallen heavily this week as carbon, coal and oil prices have slumped. UK temperatures look to be at or above seasonal norms through into late June and strong Norwegian flows and LNG imports continue to keep the UK system over-supplied.

Power prices are also down as analysts comment that they expect renewable power generation costs to fall below those of fossil fuel sourcing from next year onwards. This week has seen nuclear power at only around 50% of capacity due to outages, but the strong depreciation in the wider energies mix has ignored this fact and we may anticipate seeing Power prices facing further bearish pressure if and when the nuclear capacity returns.

The top 10 US energy companies are also set to plough \$1 trillion USD into investing in LNG projects in the Gulf of Mexico between now and 2030, as LNG is becoming a major energy market concern as it is being sold as a 'cleaner' alternative.

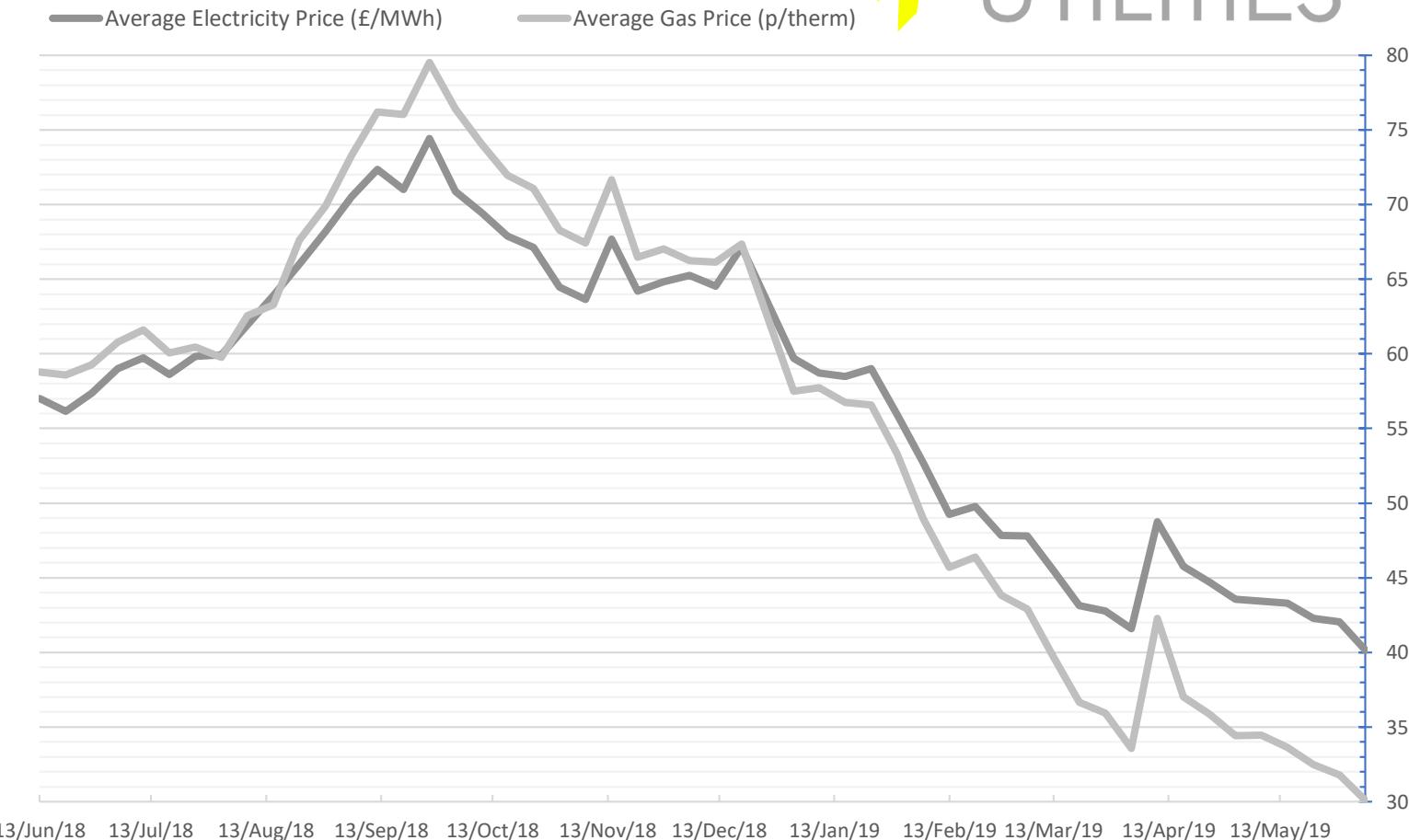
Brent Crude has lost 9% this week as President Trump's applies tariffs on Mexican imports from next week, with the continuing US-China trade disputes slowing global economic activity and reducing demand. US oil inventories continue to build and despite OPEC's continued production cuts, crude oil remains under pressure, with Brent currently trading at around \$61.78/bbl.

Sterling value has risen this week as the Dollar suffers from the fallout of the tariffs on Chinese goods, and has benefitted from the increasingly likelihood that Boris Johnson will be nominated successor to Theresa May, with odds on him to be victorious slashed from 7/4 down to almost evens. Where politics and Brexit are concerned, Sterling benefits when things become more predictable. Johnson becoming PM and delivering a no-deal Brexit by October 31st is seen as a positive move for markets and the Pound has clawed back some ground this week to \$1.2724 USD.

YEAR AHEAD PRICING (ENERGY ONLY)



MURPHY YOUNG
UTILITIES



Electricity (£/MWh)

Prompt Price	Future Price	Average Price
39.52	40.75	40.14

Gas (p/Therm)

Prompt Price	Future Price	Average Price
29.18	30.95	30.07

-4.6%

PRICE MOVEMENTS
OVER PAST WEEK

-5.4%