

UK Natural Gas & Power Market: Week Commencing 23-01-2017

UK energy prices firmed on Monday due to a rise in demand and reduced wind speeds. Coal prices closed higher by more than \$1.00 per ton but a rising rig count in the U.S and a subsequent fall in the Oil price limited market gains. On Tuesday, prices trended down thanks to higher Norwegian gas inputs and robust supply from UK gas production. An improved weather outlook added to the downward movement. News that the British Government must seek parliament approval to trigger Article 50 caused the Pound to fall against the Euro but the market failed to react given the bearishness from the shorter term markets. On Wednesday, prices falls continued with higher wind power production lessening demand from power producers and a continued fall in the Coal price contributing. Forecasts for lower consumption at the end of the working week and in week commencing 30th January was the main bearish factor for all contracts on Thursday. The outlook for storage withdrawals turned much lower given the expected reduction on demand. By Friday, all energy products settled lower week-on-week despite overall higher domestic demand.

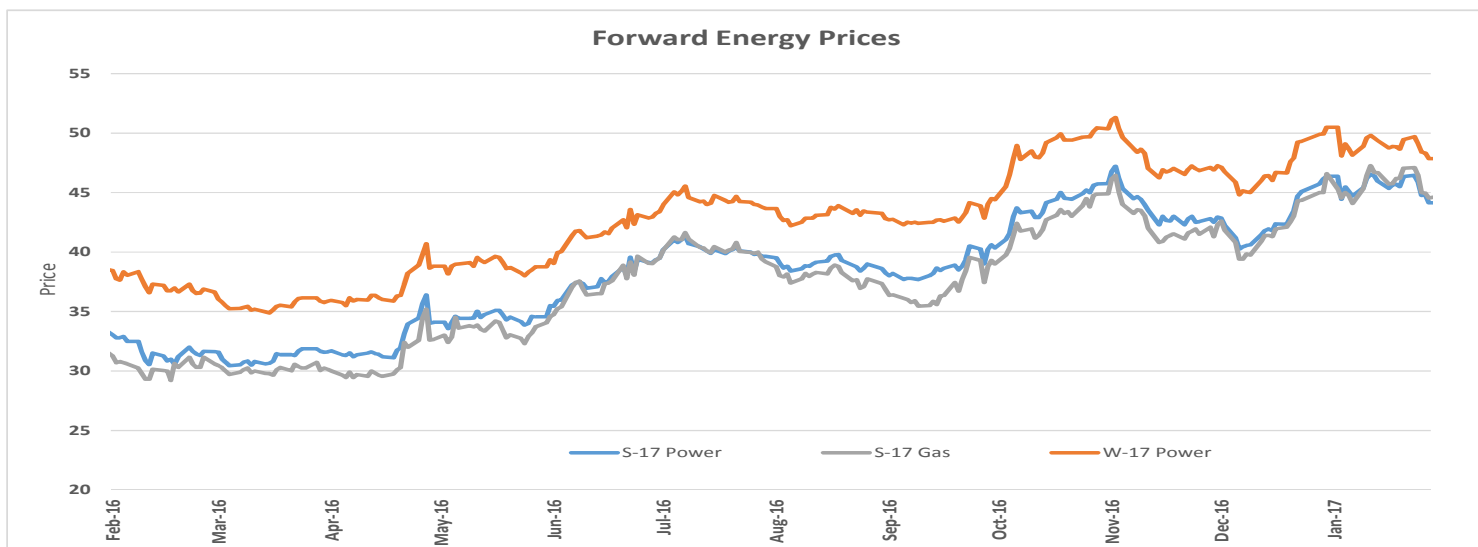
Outlook and drivers: Week Commencing 30-01-2017

Improved weather conditions, lower consumption and lower storage withdrawals are the main (bearish) drivers next week. Domestic gas usage is forecasted circa 20% down compared to week 23rd January. UK gas production should continue at their current robust levels barring any unforeseen outages. LNG send-out may rise as there is a cargo likely to arrive at South Hook during the week. Three to four cargoes are expected to the UK in February. Non domestic gas usage is also expected to fall on improved wind speeds particularly from Thursday when wind power production is expected to more than double from mid-week levels.

Prices and Summaries

Contracting Period		Electricity £/MWh					Gas p/Therm				
Date Range		Settlement Price		Price Change	% Change	Direction	Settlement Price		Price Change	% Change	Direction
		Fri 27/01	Fri 20/01				Fri 27/01	Fri 20/01			
01 April 2017 - 12 Months		£46.00	£47.90	-1.90	-3.97%	▼	47.03	49.53	-2.50	-0.05	▼
01 April 2017 - 24 Months		£43.97	£45.68	-1.71	-3.73%	▼	46.30	48.64	-2.34	-0.05	▼
01 April 2017 - 36 Months		£42.37	£43.86	-1.50	-3.41%	▼	-	-			
01 October 2017 - 12 Months		£43.91	£45.44	-1.53	-3.37%	▼	46.13	48.60	-2.48	-5.09%	▼
01 October 2017 - 24 Months		£42.36	£43.70	-1.34	-3.07%	▼	46.16	47.00	-0.84	-1.78%	▼
01 October 2017 - 36 Months		£41.22	£42.47	-1.25	-2.95%	▼	-	-			
01 April 2018 - 12 Months		£41.95	£43.46	-1.51	-3.47%	▼	45.58	47.75	-2.18	-4.55%	▼
01 April 2018 - 24 Months		£40.55	£41.84	-1.2925	-3.09%	▼	-	-			

Wider Fuel Complex						Summary			
Fuel	Settlement Price		Price Change	% Change	Direction	Item	Dates		% Change
	Fri 27/01	Fri 20/01					Fri 27/01	Fri 20/01	
Coal \$ Per Tonne	64.50	68.25	-3.75	-5.49%	▼	Demand MCM	268	241	11.20%
Carbon Euros Per Tonne	4.91	5.42	-0.51	-9.41%	▼	Rough Fullness	22.79%	25.99%	-12.31%
Brent Crude Front Month \$ Per Barrel	55.52	55.49	0.03	0.05%	▲	LNG Send out MCM	7	5	40.00%



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