

NBP Natural Gas & GB Power Market Movement, Week Commencing 12-12-2016

Falling temperatures, higher system demand and a surge in the Oil price lifted UK energy wholesale prices on the first working day. Prices continued to gain on Tuesday despite the gas network being oversupplied. An ongoing outage at the Dutch gas storage, Bergermeer, was extended which provided support, casting some doubt over the duration of the outage within the marketplace. Brent crude prices also continued to gain on confirmation of output cuts from OPEC and non-OPEC members. However a strengthening GB Pound against the Euro helped to stem the rate of some of the price gains seen that day. Mid-week, contracts for the season ahead and beyond rose despite confirmation of rising US crude stocks and a firming U.S. Dollar on news that the Federal Reserve raised interest rates. The direction of prices reversed on Thursday on oversupply and a stronger GB Pound, which helped to offset the impact of the within day recovery in the Oil price and the outlook for higher demand in week 19th December. By Friday, overall, markets closed higher than the previous week, boosted further on the last working day by a much cooler weather outlook, expectations of reduced wind speeds, a weakening GB Pound and a continued bullish Oil market.

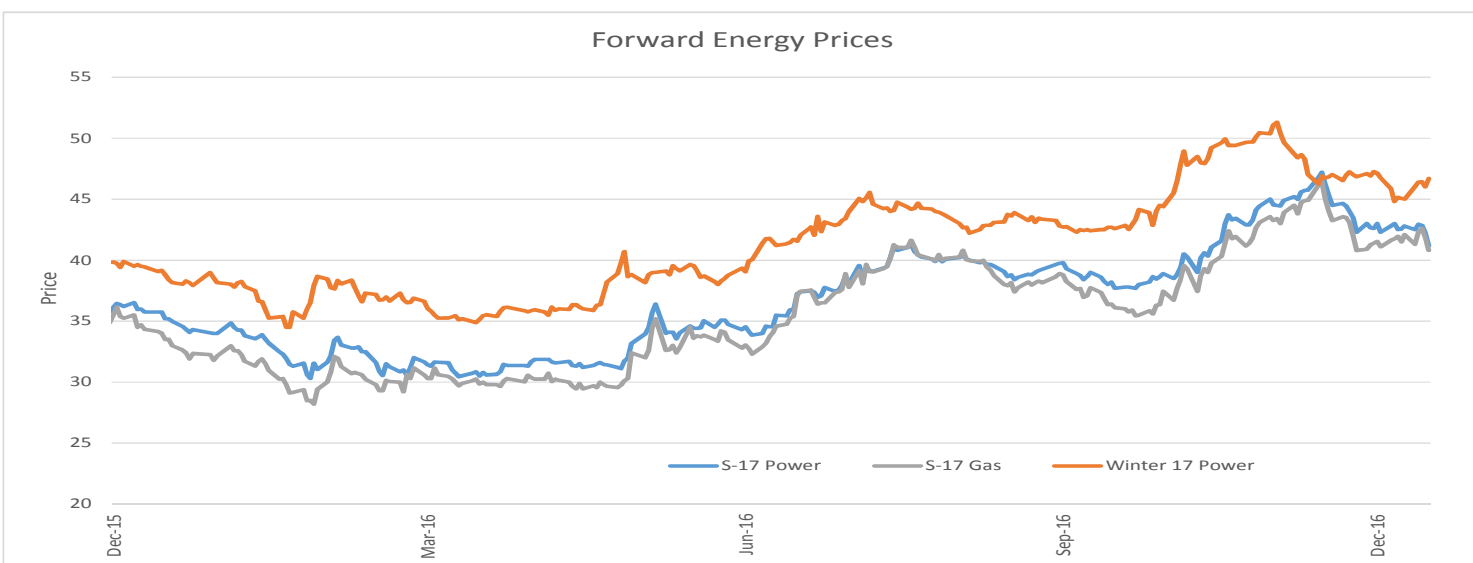
Outlook for the Week Ahead, Week Commencing 19-12-2016

The main bullish driver higher domestic usage but strong base supply should help to reduce the risk often associated with higher national demand. LNG send out is expected to remain relatively unchanged with only one cargo destined for the UK in week commencing 19th December. Any oversupply will result in injections at UK gas storage sites and this is a signal for improved week-on-week prices. Oil and Coal markets are prone. The expected range in the Oil price this side of this year is low \$50s to high \$50s according to various price forecasts and expert analytical opinion. If the lower price case scenario is realised then this will help with the direction of UK energy pricing, especially on longer dated contracts. Any production cuts will only hit markets early next year which could mean limited price upsides for the remaining of December are limited.

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 16/12	Fri 09/12				Fri 16/12	Fri 09/12			
01 April 2017 - 12 Months		£44.54	£42.80	1.74	4.07%	▲	44.58	42.53	2.05	4.82%	▲
01 April 2017 - 24 Months		£42.75	£41.11	1.64	3.99%	▲	44.26	42.29	1.97	4.66%	▲
01 April 2017 - 36 Months		£41.87	£40.02	1.85	4.62%	▲	-	-	-	-	-
01 October 2017 - 12 Months		£42.80	£41.05	1.75	4.26%	▲	44.30	42.50	1.8	4.24%	▲
01 October 2017 - 24 Months		£41.78	£39.83	1.95	4.90%	▲	44.12	42.70	1.42	3.33%	▲
01 October 2017 - 36 Months		£40.51	£38.95	1.56	4.01%	▲	-	-	-	-	-
01 April 2018 - 12 Months		£40.95	£39.43	1.52	3.85%	▲	43.95	42.05	1.9	4.52%	▲
01 April 2018 - 24 Months		£40.54	£38.63	1.91	4.94%	▲	-	-	-	-	-

Wider Fuel Complex						Summary			
Fuel	Settlement Price		Price Change	% Change	Direction	Item	Dates		% Change
	Fri 16/12	Fri 09/12					Fri 16/12	Fri 09/12	
Coal \$ Per Tonne	66.60	62.85	3.75	5.97%	▲	Demand MCM	185	197	-6.09%
Carbon Euros Per Tonne	4.93	4.46	0.47	10.54%	▲	Rough Fullness	35%	35%	-
Brent Crude Front Month \$ Per Barrel	55.21	54.33	0.88	1.62%	▲	LNG Send out MCM	8	8	-



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