

UK Natural Gas & Power Market: Week Commencing 30-01-2017

Markets rose during the week on a continued colder weather outlook and reduced Russian gas flows to Europe. A partial outage at Rough, the UK's largest gas storage site meant lower availability and reduced flexibility in the market. Centrica confirmed that the outage at Rough would be extended until 1st March and this added to the bullish and rising sentiment. There was also an outage at SSE's Hornsea gas storage site. Some disruption with UK gas production also contributed to the below week-on-week gains with Bacton Seal remaining offline since mid-January and reported issues at Morecambe Bay and Barrow. Compared to the previous week, UK gas production during the week was 5%, from 119 MCM to 113 MCM. The GB Pound weakened further against the Euro following the Parliamentary vote to trigger Article 50, the exit clause that permits an EU member state to leave the union. Oil closed the week +2.3% higher and Coal +4% higher on supply constraints and reduced stocks data in Asia.

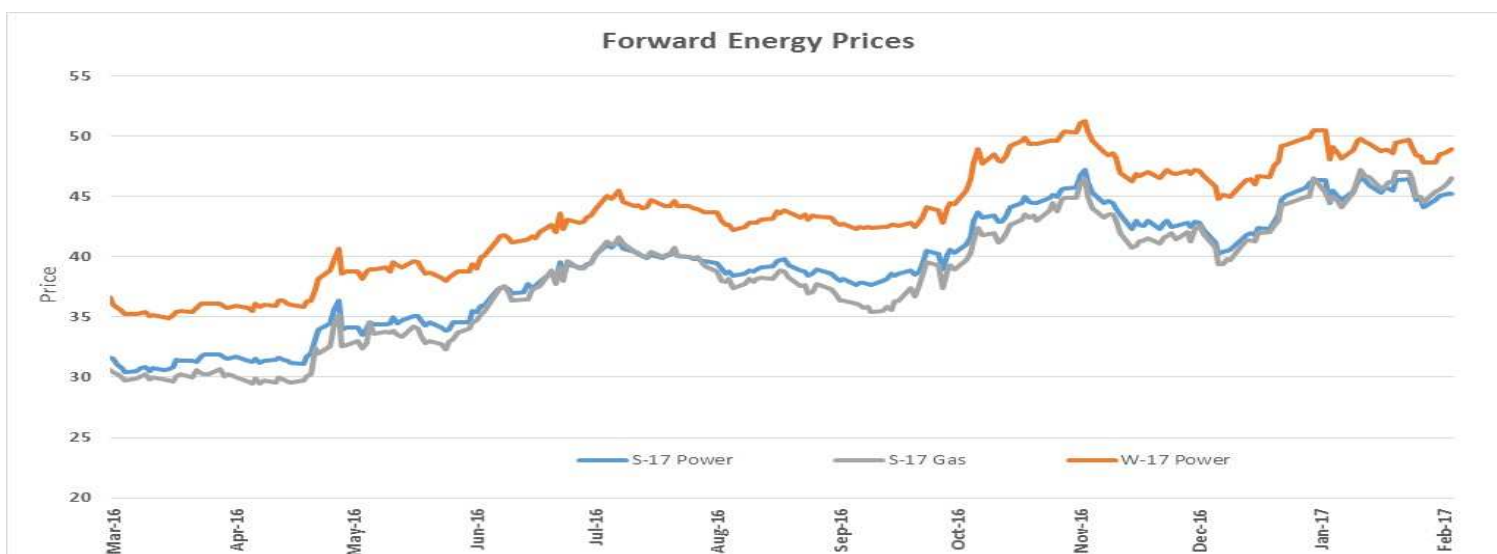
Outlook and drivers: Week Commencing 06-02-2017

Having fallen in the previous week, consumption is set to rise again during the week by 33 MCM or 16%. Temperatures are expected to fall an average of 3.6 degrees Celsius. Therefore weather remains the main bullish driver going into February but any revisions or improvements in weather outlooks will reverse this outlook. Continued strong rises in US rig counts will help to offset the risk of a cut in global supplies from OPEC and Russia. UK production is expected higher and improved during the week and Norwegian gas flows should remain at their current robust levels barring any unplanned events and outages. Flexible supply sources such as BBL gas flows and LNG send-out are forecasted to remain stable during the week. Should flows via the Interconnector rise during the week this should limit the need for withdrawals from UK gas stocks which could be bearish for prices in parts.

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 03/02	Fri 27/01				Fri 03/02	Fri 27/01			
01 April 2017 - 12 Months		£47.11	£46.00	1.11	2.41%	▲	48.85	47.03	1.825	3.88%	▲
01 April 2017 - 24 Months		£44.99	£43.97	1.0175	2.31%	▲	47.64	46.30	1.34	2.89%	▲
01 April 2017 - 36 Months		£43.06	£42.37	0.695	1.64%	▲	-	-			
01 October 2017 - 12 Months		£44.90	£43.91	0.99	2.25%	▲	47.50	46.13	1.375	2.98%	▲
01 October 2017 - 24 Months		£43.17	£42.36	0.81	1.91%	▲	46.61	46.16	0.4475	0.97%	▲
01 October 2017 - 36 Months		£41.72	£41.22	0.505	1.23%	▲	-	-			
01 April 2018 - 12 Months		£42.87	£41.95	0.925	2.21%	▲	46.43	45.58	0.855	1.88%	▲
01 April 2018 - 24 Months		£41.03	£40.55	0.4825	1.19%	▲	-	-			

Wider Fuel Complex						Summary			
Fuel	Settlement Price		Price Change	% Change	Direction	Item	Dates		% Change
	Fri 03/02	Fri 27/01					Fri 03/02	Fri 27/01	
Coal \$ Per Tonne	67.20	64.50	2.7	4.19%	▲	Demand MCM	198	268	-26.12%
Carbon Euros Per Tonne	5.16	4.91	0.25	5.09%	▲	Rough Fullness	19.58%	22.78%	-14.05%
Brent Crude Front Month \$ Per Barrel	56.81	55.52	1.29	2.32%	▲	LNG Send out MCM	5	5	-



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