

UK Natural Gas & Power Market: Week Commencing 06-03-2017

UK energy prices opened down at the start of the week with a strong LNG send-out eliminating the risk of slightly reduced UK gas production and an outage at a Norwegian gas field. A series of production outages led to prices increases on Tuesday. Continued weakness in the Sterling against the Euro also contributed with renewed speculation and concerns on the UK's economy post-Brexit. However, a bearish sentiment returned mid-week with less cooler weather severing domestic demand and above average temperatures forecasted for the week ahead (w/c 13th March). Wider consideration such U.S. oil inventory data showing higher-than-expected stockpiles, Saudi Arabia stating that it was too early to talk of extending OPEC cuts and the EIA predicting a much faster rise in U.S. oil production ensured strong price falls in the Oil market. Expectations of mild weather ensured the continued downward trend on Thursday. Prices did regain on Friday but overall, and by the end of the week, prices settled mixed for electricity. Any week-on-week rises that did occur was not too stark in comparison.

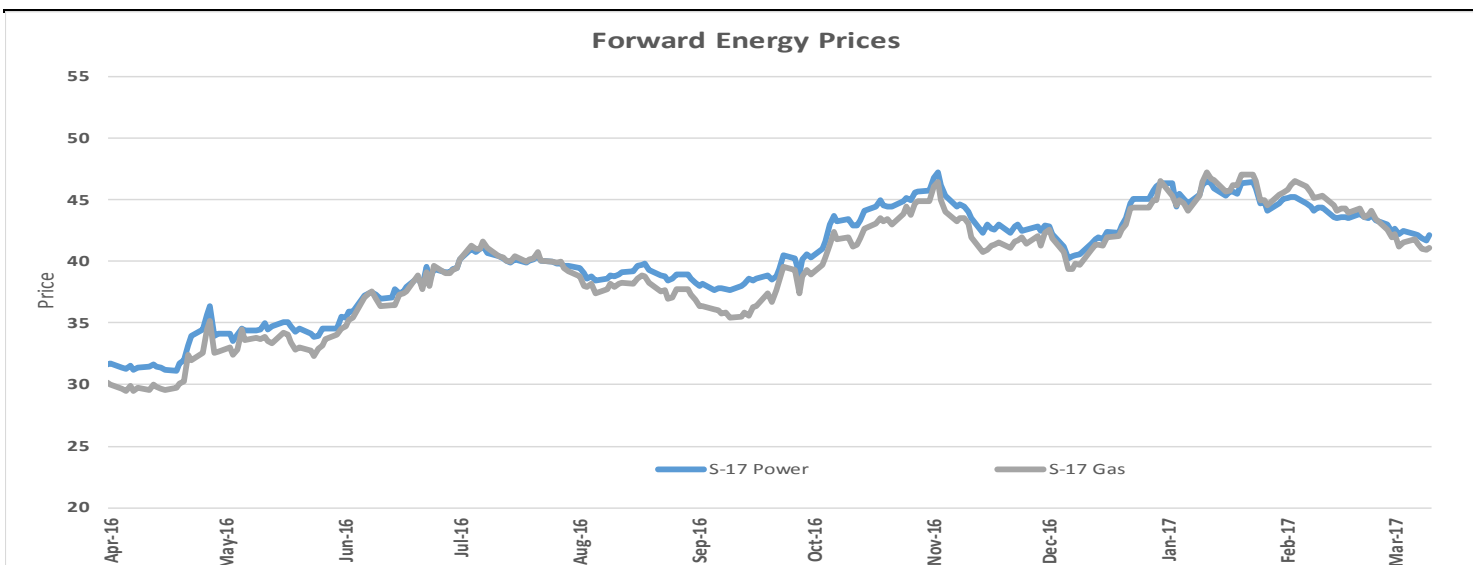
Outlook and drivers: Week Commencing 13-03-2017

Domestic usage is expected 4% down during the week and so is gas demand from power generators as wind speeds pick up from mid-week. UK gas production is expected up 9% but Norwegian gas flows are expected down circa 3%. LNG send out should remain at current and strong levels of mid 20s mcm, compared to a February average LNG send-out of just below 10 mcm. There is a reasonable case for markets being bullish in the short-term, with reduced Norwegian flows but this risk should be offset by bearish factors such as a lesser need for gas consumption, higher UK gas production and a strong LNG send-out. Oil dipped sharply in week 3rd March and the Sterling has been in decline since the third week of February for reasons provided above. Coal has retreated considerably and from the January 2017 high point which was +\$69 per ton.

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 10/03	Fri 03/03				Fri 10/03	Fri 03/03			
01 April 2017 - 12 Months		£44.25	£44.70	-0.45	-1.01%	▼	44.33	44.89	-0.56	-1.26%	▼
01 April 2017 - 24 Months		£42.98	£43.20	-0.22	-0.50%	▼	44.43	44.77	-0.35	-0.77%	▼
01 April 2017 - 36 Months		£42.02	£41.99	0.03	0.07%	▲	-	-			
01 October 2017 - 12 Months		£42.85	£43.17	-0.32	-0.73%	▼	44.53	44.75	-0.23	-0.50%	▼
01 October 2017 - 24 Months		£41.99	£41.83	0.16	0.38%	▲	44.33	44.63	-0.30	-0.67%	▼
01 October 2017 - 36 Months		£41.20	£41.12	0.08	0.19%	▲	-	-			
01 April 2018 - 12 Months		£41.71	£41.69	0.015	0.04%	▲	44.53	44.64	-0.12	-0.26%	▼
01 April 2018 - 24 Months		£40.90	£40.63	0.27	0.66%	▲	-	-			

Wider Fuel Complex						Summary			
Fuel	Settlement Price		Price Change	% Change	Direction	Item	Dates		% Change
	Fri 10/03	Fri 03/03					Fri 10/03	Fri 03/03	
Coal \$ Per Ton	64.50	66.50	-2.00	-3.01%	▼	Demand MCM	179	208	-13.94%
Carbon Euros Per Ton	5.17	5.60	-0.43	-7.68%	▼	Rough Fullness	12.37%	14.30%	-1.93%
Brent Crude Front Month \$ Per Barrel	51.37	55.90	-4.53	-8.10%	▼	LNG Send out MCM	24.00	26.00	-7.69%



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