

UK Natural Gas & Power Market: Week Commencing 22-05-2017

Prices trended down at the start of Monday. The spot market tumbled 11+%; end of maintenance ensured a rebound in Norwegian gas supplies and the warm weather outlook weighed heavily on national demand. However with Norwegian supply reducing during the day and the GB Pound falling after a pair of polls showed that T. May's opinion poll lead had fallen, the majority of products ended the day's session higher. Whiles prices opened lower on Tuesday, a similar pattern to Monday occurred with intra-day strength seen, stemming from expectations of supply cuts between OPEC and non-OPEC producers. Markets did fall mid-week. Reduced demand was the main driver along with the Oil price easing back into the high \$53s range. The falling price sentiment continued into Thursday (again) with weather and suppressed demand contributing. Oil continued to ease: whilst OPEC agreed to extend cuts to output, the cuts were not as severe as expected. An outlook for stronger demand strengthened prices by Friday. Overall, week-on-week, annual prices for October 17 and beyond concluded higher with the near annual and gas power contract moving +1.08% and +1.33% respectively.

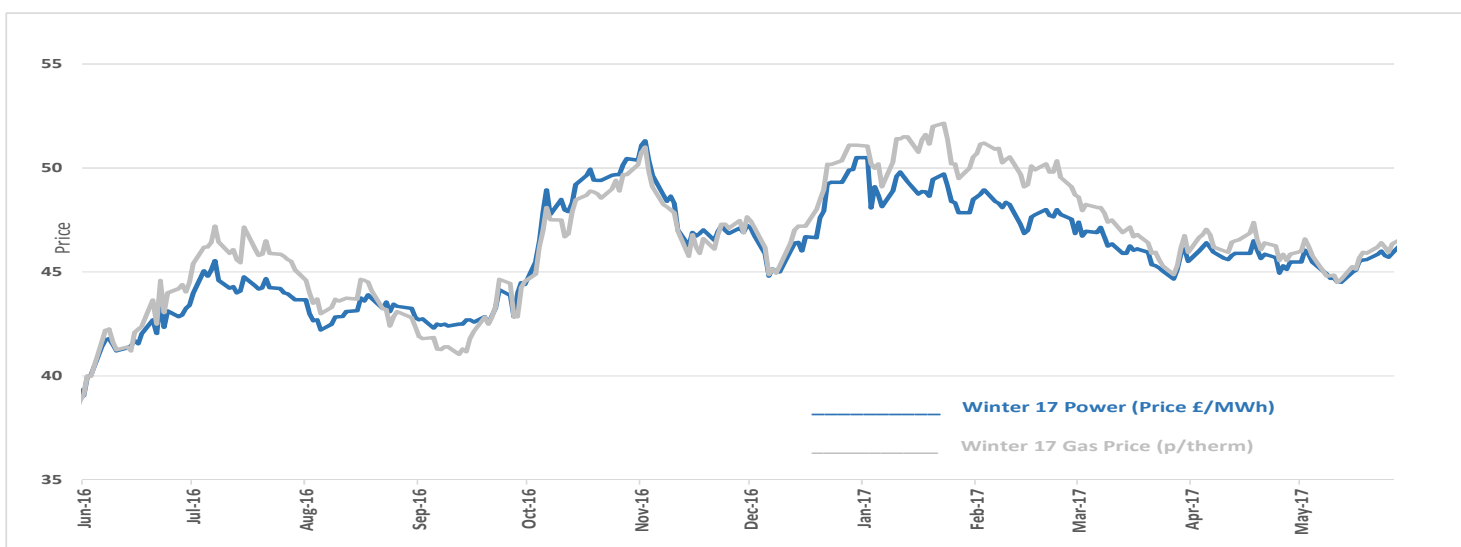
Outlook and drivers: Week Commencing 29-05-2017

Domestic consumption is expected stable along with gas production from the UK gas shelf. Norwegian gas flows to the UK are expected lower with the Troll gas field producing less, in line with behaviour. LNG send-out is expected stable although there are two cargoes arriving to the UK in early June which could result in higher-than-expected send-out levels. Exports amounts from the UK to the continent are expected close to capacity and is perhaps the main bullish factor but this may be offset to some extent by weather-driven (lower) demand and expected less Norwegian maintenance for the UK in June overall.

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 26/05	Fri 19/05				Fri 26/05	Fri 19/05			
01 October 2017 - 12 Months		£42.66	£42.20	0.455	1.08%	▲	43.27	42.70	0.57	1.33%	▲
01 October 2017 - 24 Months		£41.62	£41.27	0.345	0.84%	▲	42.90	42.61	0.2925	0.69%	▲
01 April 2018 - 12 Months		£41.60	£41.13	0.47	1.14%	▲	43.17	42.77	0.405	0.95%	▲
01 April 2018 - 24 Months		£40.50	£40.17	0.3275	0.82%	▲					
01 Oct 2018 - 12 Months		£40.58	£40.35	0.235	0.58%	▲	42.53	42.51	0.01	0.04%	▲

Wider Fuel Complex						Summary			
Fuel	Settlement Price		Price Change	% Change	Direction	Item	Dates		% Change
	Fri 26/05	Fri 19/05					Fri 26/05	Fri 19/05	
Coal \$ Per Ton	66.40	66.10	0.3	0.45%	▲	Demand MCM	59	102	-42.33%
Carbon Euros Per Ton	5.19	4.85	0.34	7.01%	▲	Rough Stock (MCM)	98.56	87.18	13.05%
Brent Crude Front Month \$ Per Barrel	52.15	53.61	-1.46	-2.72%	▼	LNG Send out MCM	19.00	26.00	-26.92%



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