

## UK Natural Gas & Power Market: Week Commencing 12-06-2017

The week started with UK energy prices closing lower due to oversupply, a result of weather driven (lower) demand and a rise in Norwegian gas production. Losses were however limited with the oil price rising alongside and the GB Pound weakening. Oversupply continued on Tuesday and prices continued to fall likewise, boosted by the yearly maintenance starting on the interconnector which detaches the UK gas market from continental one and could lead to some days with strong oversupply and low prices. Whilst the markets ended down on Wednesday, the extent of recorded losses were not as stark as expected as UK labour data showing weaker than anticipated results and the GB Pound weakened accordingly. Stark losses came about on Thursday with a very hot weather outlook and strong output from renewable energy sources all contributing. News that an LNG tanker would dock at the Isle of Grain at the weekend added to the already high supply confidence. By Friday 16th June, all contracts closed the week lower compared the same day in the previous week. In reference to the annual power and gas contracts, the October 17 12-month contracts closed down the strongest, by 1.23% and 2.93% respectively.

## Outlook and drivers: Week Commencing 19-06-2017

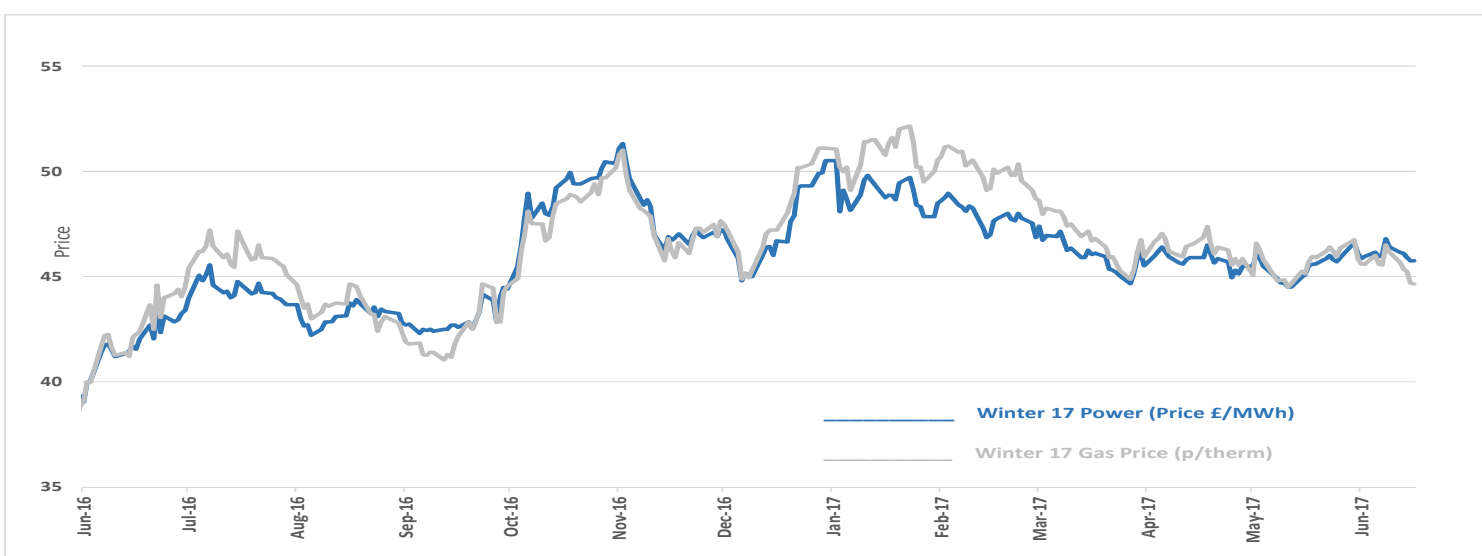
The interconnector remains closed until 29<sup>th</sup> June which is likely to result in oversupply. An increase in Norwegian gas is expected, due to gas usually destined for Germany being diverted as there is German maintenance underway. Domestic consumption is expected down on warmer weather but gas for power demand is expected higher on reduced wind speeds rendering total consumption during the week stable. Maintenance at the Laggan gas field will last until 24<sup>th</sup> June and there are some small production issues affecting Bacton Seal but these issues should terminate before the start of the new gas week.

## 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 16/06	Fri 09/06				Fri 16/06	Fri 09/06			
01 October 2017 - 12 Months		£42.53	£43.06	-0.53	-1.23%	▼	41.77	43.03	-1.26	-2.93%	▼
01 October 2017 - 24 Months		£41.71	£42.12	-0.41	-0.98%	▼	42.09	42.91	-0.82	-1.91%	▼
01 April 2018 - 12 Months		£41.65	£42.06	-0.41	-0.96%	▼	42.31	43.15	-0.84	-1.95%	▼
01 April 2018 - 24 Months		£40.75	£41.02	-0.27	-0.67%	▼					
01 Oct 2018 - 12 Months		£40.89	£41.19	-0.295	-0.72%	▼	42.42	42.80	-0.38	-0.89%	▼

Wider Fuel Complex						Summary			
Fuel	Settlement Price		Price Change	% Change	Direction	Item	Dates		% Change
	Fri 16/06	Fri 09/06					Fri 16/06	Fri 09/06	
Coal \$ Per Ton	68.00	68.25	-0.25	-0.37%	▼	Demand MCM	65.49	73.90	-11.38%
Carbon Euros Per Ton	4.87	5.04	-0.17	-3.37%	▼	Rough Stock (MCM)	98.16	98.27	-0.11%
Brent Crude Front Month \$ Per Barrel	47.37	48.15	-0.78	-1.62%	▼	LNG Send out MCM	n/a	5.00	



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