

UK Natural Gas & Power Market: Week Commencing 16-01-2017

Weather remained the largest driving force for prices during the week. A combination of higher consumption, not just in the UK, but wider Europe, resulted in a reduction in Interconnector flows from Belgium to the UK particularly on Thursday. There were unplanned outages at Bacton Seal and Teesside which affected gas output from the UK continental gas shelf (UKCS) and LNG reduced considerably hitting as low as 2mcm at the tail end of the week. Brent crude prices weakened at the start of the week before recovering on a weaker U.S. dollar. Prices rises in the Oil market were mostly muted on the back of rising US production, closing incrementally higher week on week. The annual April 17 electricity and gas contracts concluded the week 0.52% and 0.89 % higher respectively. Although the markets closed generally higher, the extent of these rises were less severe than the previous week.

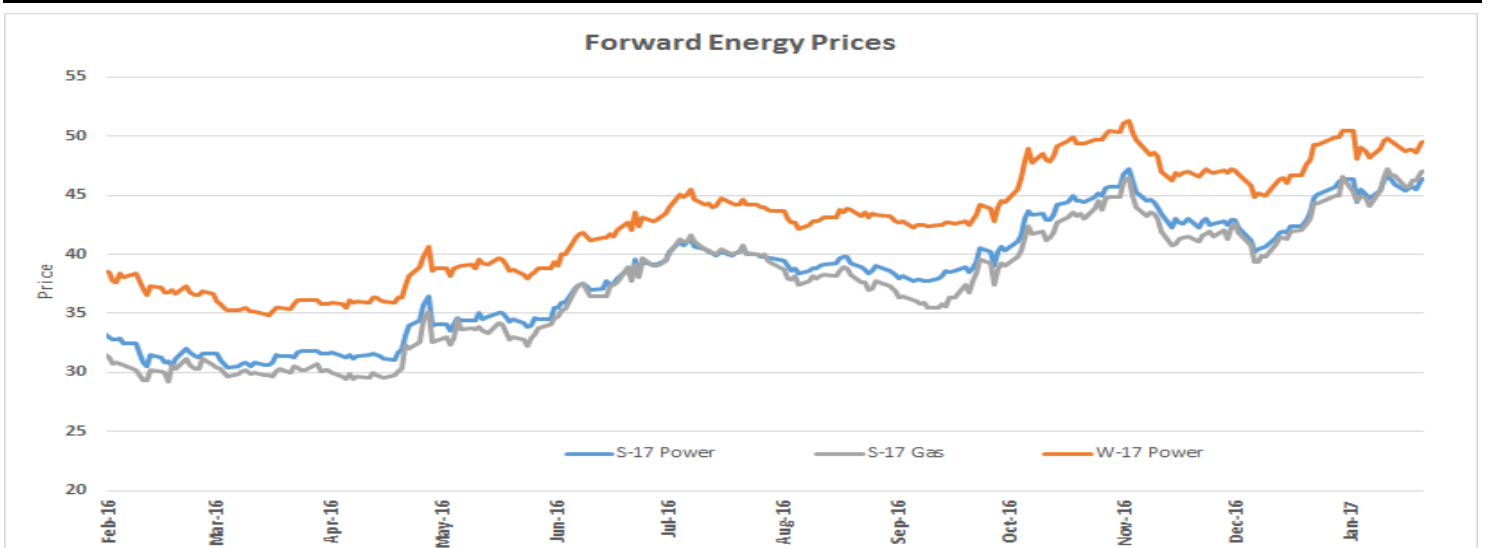
Outlook and drivers: Week Commencing 23-01-2017

The weather remains a key driver for next week with higher forecasted domestic consumption but we should see an improvement in temperatures towards the end of the week. There is expected lower gas use for power generation and this may help to limit the risk of the cold weather. Given the cooler weather, an increase in flexible supply (LNG, storage, Interconnector) may be necessary to balance the UK system which can be bullish in itself. 3 to 4 LNG cargoes are expected to arrive to the UK in February and so there could see a higher send out during the week which will help with system balance and keep a lid on price gains. Norwegian gas should be steady and we should see slightly more gas from the BBL gas line. UK gas production should also pick up with the full return of Bacton Seal.

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 20/01	Fri 13/01				Fri 20/01	Fri 13/01			
01 April 2017 - 12 Months		£47.90	£47.65	0.25	0.52%	▲	49.53	49.09	0.435	0.89%	▲
01 April 2017 - 24 Months		£45.68	£45.48	0.1975	0.43%	▲	48.64	48.41	0.2275	0.47%	▲
01 April 2017 - 36 Months		£43.86	£43.75	0.1133	0.26%	▲	-	-			
01 October 2017 - 12 Months		£45.44	£45.40	0.04	0.09%	▲	48.60	48.25	0.35	0.73%	▲
01 October 2017 - 24 Months		£43.70	£43.57	0.1325	0.30%	▲	47.00	47.74	-0.74	-1.55%	▼
01 October 2017 - 36 Months		£42.47	£41.79	0.68	1.63%	▲	-	-			
01 April 2018 - 12 Months		£43.46	£43.30	0.155	0.36%	▲	47.75	47.73	0.02	0.04%	▲
01 April 2018 - 24 Months		£41.84	£41.80	0.045	0.11%	▲	-	-			

Wider Fuel Complex						Summary			
Fuel	Settlement Price		Price Change	% Change	Direction	Item	Dates		% Change
	Fri 20/01	Fri 13/01					Fri 20/01	Fri 13/01	
Coal \$ Per Tonne	68.25	67.25	1	1.49%	▲	Demand MCM	241	270	-10.74%
Carbon Euros Per Tonne	5.42	5.03	0.39	7.75%	▲	Rough Fullness	25.99%	29.40%	-11.60%
Brent Crude Front Month \$ Per Barrel	55.49	55.46	0.035	0.06%	▲	LNG Send out MCM	5	9	-44.44%



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