

NBP Natural Gas & GB Power Market Movement, Week Commencing 09-01-2017

Forecasts for much cooler weather on the horizon at the beginning of the week was the main cause for prices rises. Home heating accounts for around 40% of the UK's gas use and therefore cold weather can have a large impact on the UK market and price direction. A weakening of the Sterling against the Euro following comments from Prime Minister Theresa May that Brexit would not involve holding onto 'bits of membership' also contributed. There were some mitigating factors with increased Interconnection flows, particularly from the BBL gas line and the Belgian to UK interconnector. However, the step up in other supply sources to the UK was not enough to fend off price risk often associated with very cold weather. By the end of the week, prices did ease back with milder weather expected over the weekend (14th to 15th January) and on the potential for a higher LNG send-out. Italy's supply/demand balance also looked improved after a very tight market in Italy during the week which resulted in a rise in Italian imports of NW Europe gas. Coal concluded the week up more than 7% and Oil closed the week lower by just below 3%.

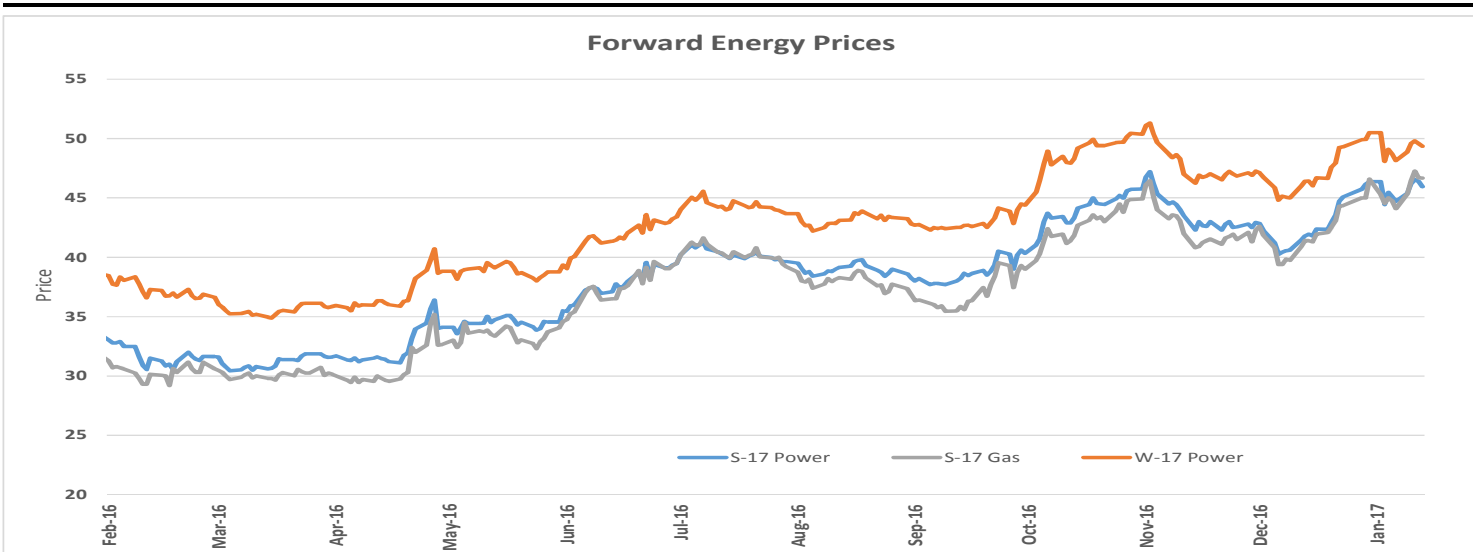
Outlook for the Week Ahead, Week Commencing 16-01-2017

Continued colder weather, higher consumption and strong withdrawals from UK gas stocks are likely to result in further price rises. Strong flows through various gas lines such as the Interconnector and BBL might help to limit the risk of an upside in prices. UK gas production should remain at current (strong) levels barring any unplanned outages. LNG send-out is not expected to pick up considerably with the number of cargoes UK bound. A result of expected system tightness next week, strong withdrawals from gas storage sites are likely which is also a bullish factor. Movements in the currency markets and wider fuel prices such as Oil and Coal will also have a bearing. Should the Pound regain or the Oil price fall this will help to limit the impact of adverse short term price factors. Conversely, should the Pound continue to fall and/or the Oil price gains, this will potentially result in strong prices gains during the 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 13/01	Fri 06/01				Fri 13/01	Fri 06/01			
01 April 2017 - 12 Months		£47.65	£46.43	1.22	2.63%	▲	49.09	46.60	2.49	5.34%	▲
01 April 2017 - 24 Months		£45.48	£44.25	1.2275	2.77%	▲	48.41	46.38	2.035	4.39%	▲
01 April 2017 - 36 Months		£43.75	£43.15	0.5983	1.39%	▲	-	-			
01 October 2017 - 12 Months		£45.40	£44.13	1.275	2.89%	▲	48.25	46.58	1.675	3.60%	▲
01 October 2017 - 24 Months		£43.57	£42.61	0.9625	2.26%	▲	47.74	46.35	1.39	3.00%	▲
01 October 2017 - 36 Months		£41.79	£41.40	0.3917	0.95%	▲	-	-			
01 April 2018 - 12 Months		£43.30	£42.08	1.225	2.91%	▲	47.73	46.15	1.58	3.42%	▲
01 April 2018 - 24 Months		£41.80	£41.51	0.2875	0.69%	▲	-	-			

Wider Fuel Complex						Summary			
Fuel	Settlement Price		Price Change	% Change	Direction	Item	Dates		% Change
	Fri 13/01	Fri 06/01					Fri 13/01	Fri 06/01	
Coal \$ Per Tonne	67.25	62.50	4.75	7.60%	▲	Demand MCM	270	250	8.00%
Carbon Euros Per Tonne	5.03	5.03	-	-	-	Rough Fullness	29.40%	31.15%	-5.62%
Brent Crude Front Month \$ Per Barrel	55.46	57.10	-1.645	-2.88%	▼	LNG Send out MCM	9	14	-35.71%



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