

Catalyst Weekly Energy Element / Week 13

UK Natural Gas & Power Market: Week Commencing 19-03-2018



Gas markets fell on Monday due to an oversupplied grid system and an improved weather outlook. On Tuesday, prices rose: gas Interconnection gas flows (from Belgium) were reduced. There was an outage along the Vesterled pipeline which reduced UK import needs from the Norway. Medium-range gas storage was at a record low after the previous week's cold weather, boosting price premiums associated with the gas needed that day. Oil gained 2% but the main bullish drivers were the lingering cold weather, unseasonal high demand and lower gas imports. The upward trend continued Wednesday, with colder longer-term weather forecasts contributing. However, another LNG tanker was scheduled to arrive in Britain, improving the overall LNG outlook. Oil approached \$70, heading to a 6 week high as concerns grew over possible supply disruption in the Middle East and on a surprise decline in US stocks. Prices were less volatile on Thursday with an easing Oil market and the receipt of an LNG cargo to the UK. By Friday, curve markets closed higher overall, week-on-week, +1.67% & +0.86% for the April-18 annual electricity & gas products.

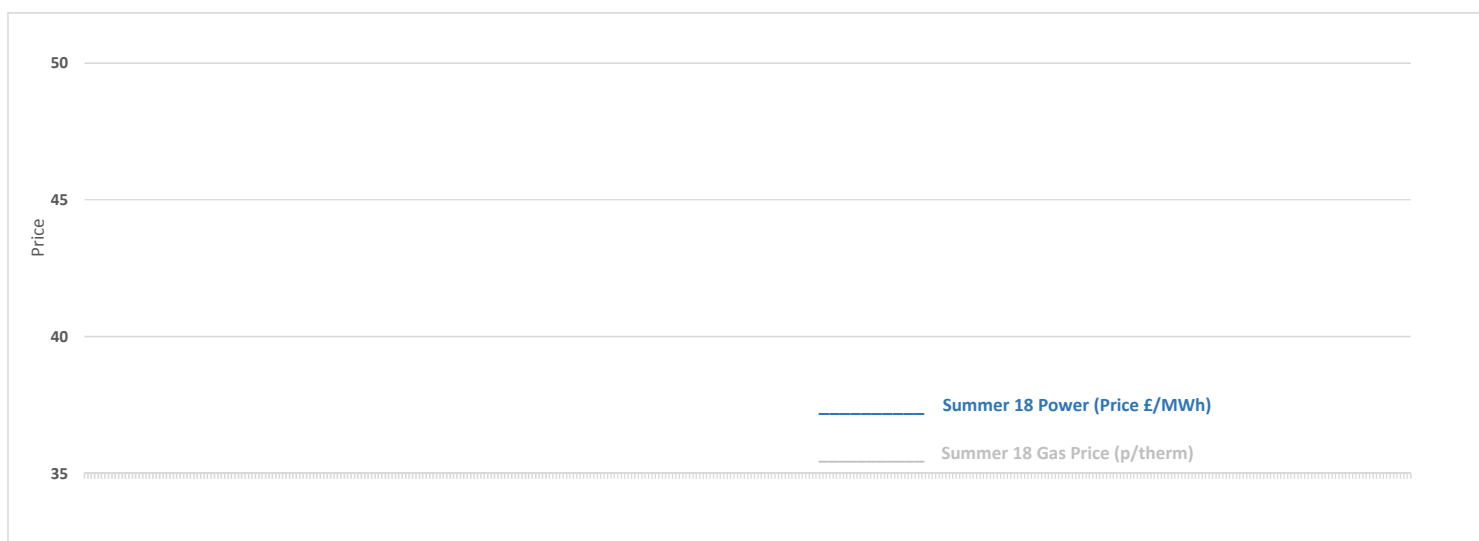
Outlook and drivers: Week Commencing 26-03-2018

Market's opened down on Monday 26th March 2018 as weather forecasts turn warmer. The average temperatures for period 27th March to 7th April 2018 are now expected at 5.6 degrees Celsius, which is up from a previous forecast made of 4.7 degrees Celsius. This has led to a cut in expected gas consumption over the same period. Any reduction in forecast consumption will be a bearish signal for prices. The Vesterled outage will continue to limit the UK's need for Norwegian gas but any decline in national demand will limit the impact of this event.

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 23/03 | Fri 16/03 | | | | Fri 23/03 | Fri 16/03 | | | |
| 01 April 2018 - 12 Months | | £49.13 | £48.33 | 0.805 | 1.67% | ▲ | £49.10 | £48.68 | 0.42 | 0.86% | ▲ |
| 01 April 2018 - 24 Months | | £46.92 | £46.14 | 0.7775 | 1.69% | ▲ | £46.59 | £46.16 | 0.4225 | 0.92% | ▲ |
| 01 Oct 2018 - 12 Months | | £46.73 | £45.98 | 0.755 | 1.64% | ▲ | £46.35 | £46.10 | 0.245 | 0.53% | ▲ |
| 01 Oct 2018 - 24 Months | | £44.77 | £44.23 | 0.54 | 1.22% | ▲ | £44.75 | £44.49 | 0.26 | 0.58% | ▲ |
| 01 April 2019 - 12 Months | | £44.70 | £43.95 | 0.75 | 1.71% | ▲ | | | | | |

| Wider Fuel Complex | | | | | | Summary | | | |
|---------------------------------------|------------------|-----------|--------------|----------|-----------|-----------------------|-----------|-----------|----------|
| Fuel | Settlement Price | | Price Change | % Change | Direction | Item | Dates | | % Change |
| | Fri 23/03 | Fri 16/03 | | | | | Fri 23/03 | Fri 16/03 | |
| Coal \$ Per Ton | 73.65 | 74.80 | -1.150 | -1.54% | ▼ | Demand MCM | 189.34 | 195.29 | -3.05% |
| Carbon Euros Per Ton | 12.58 | 11.15 | 1.43 | 12.83% | ▲ | Total Gas Stock (MCM) | 257.68 | 517.25 | -50.18% |
| Brent Crude Front Month \$ Per Barrel | 70.45 | 66.21 | 4.24 | 6.40% | ▲ | LNG Send out MCM | 15.00 | 5.00 | 200.00% |



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