

Catalyst Weekly Energy Element / Week 18

UK Natural Gas & Power Market: Week Commencing 23-04-2018



On Monday, prices rose owing to forecasts of falling temperatures during the week. This drove the day ahead price higher and affected other contracts along the price curve. Limiting some of the upside was strong wind power generation. The oil price was initially stable but recovered slightly during the day, closing 0.88% higher compared to the previous (working) day. Prices fell on Tuesday despite lower temperature forecasts for the end of the week, higher coal prices and low gas inventories. The main bearish driver today was that three LNG cargoes were expected to arrive to the UK which improved the outlook for this flexible supply source. The oil price remained firm boosted by OPEC-led production cuts, strong demand and the prospect of renewed US sanctions on Iran. Markets gained on Wednesday, following news of an outage (with no expected return date or known impact) on the Norwegian gas shelf. Brent Crude attained low \$73s before regaining intraday settling higher overall. Market gains continued Thursday despite an oversupplied gas network and flows resuming after an outage at the St Fergus gas terminal. Higher-than-expected consumption and lower-than-expected wind power were the main bullish factors that on market day. By Friday's close, the winter 18 electricity and gas contracts closed higher week-on-week, +3.00% and +3.39% respectively.

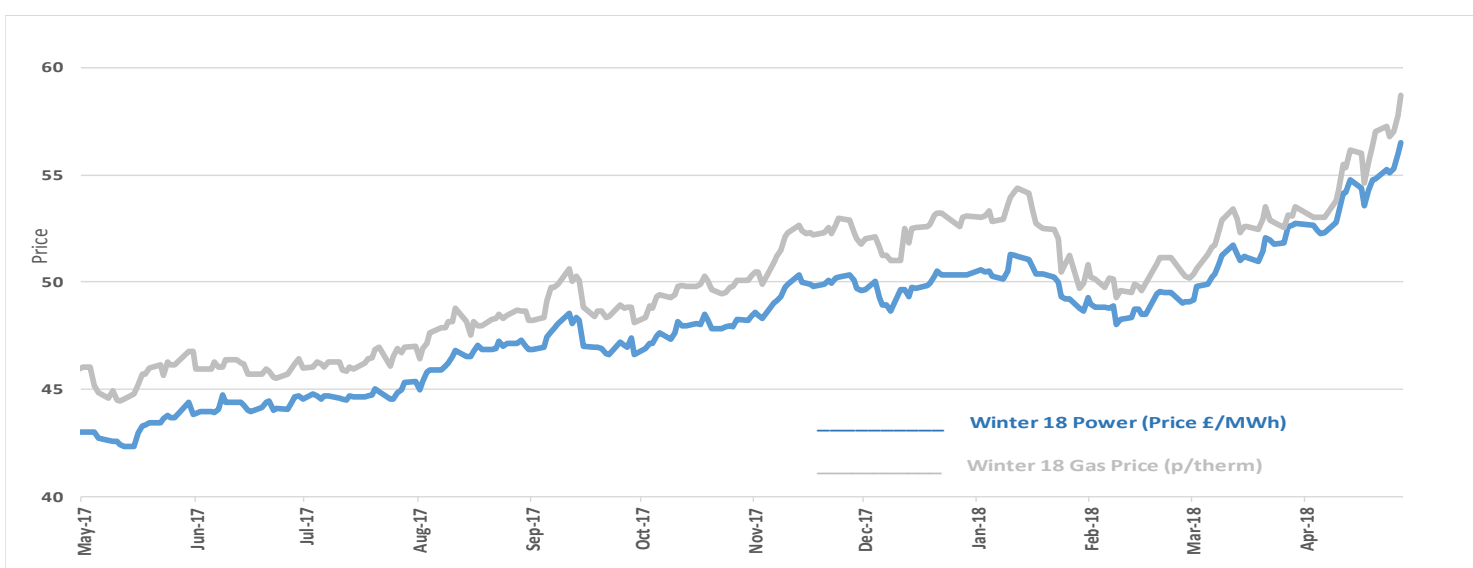
Outlook and drivers: Week Commencing 30-04-2018

Domestic consumption is expected higher during the week. Gas for power demand forecasts point higher on lower wind power production. A higher LNG send out following new cargo arrivals will help reduce the impact higher unseasonable demand.

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 27/04	Fri 20/04				Fri 27/04	Fri 20/04			
01 Oct 2018 - 12 Months		£51.22	£49.73	1.49	3.00%	▲	£51.78	£50.08	1.7	3.39%	▲
01 Oct 2018 - 24 Months		£49.23	£47.78	1.445	3.02%	▲	£49.45	£47.96	1.4925	3.11%	▲
01 April 2019 - 12 Months		£48.73	£47.46	1.265	2.67%	▲	£48.73	£47.32	1.41	2.98%	▲
01 April 2019 - 24 Months		£47.06	£46.03	1.025	2.23%	▲	£46.98	£45.90	1.08	2.35%	▲
01 Oct 2019 - 12 Months		£47.24	£45.84	1.4	3.05%	▲					

Wider Fuel Complex						Summary			
Fuel	Settlement Price		Price Change	% Change	Direction	Item	Dates	Dates	% Change
	Fri 27/04	Fri 20/04					Fri 27/04	Fri 20/04	
Coal \$ Per Ton	84.50	83.00	1.5	1.81%	▲	Demand MCM	149.42	77.35	93.17%
Carbon Euros Per Ton	13.51	13.01	0.5	3.84%	▲	Total Gas Stock (MCM)	n/a	275.94	
Brent Crude Front Month \$ Per Barrel	74.64	74.06	0.58	0.78%	▲	LNG Send out MCM	10.00	7.00	42.86%



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