

# November 2017 Newsletter



energy  
services  
BUSINESS POWER LTD

## Dear Customer

UK energy prices ended October on a high after posting gains of more than 3.5% for the electricity and gas markets. The main cause of this was the first signs of winter with cooler temperatures and supply concerns amidst increasing demand giving strength across north west Europe. Oil, coal and EU carbon prices were also positive, lending support across the board.

## Main Drivers

- Power & Gas Supply / Demand Balance
- LNG Supply Deliveries
- Financial Speculation & Trading Activity
- Norwegian Plant Maintenance & Outages
- Fluctuating Wind Power Generation
- UK Distribution & Transportation Network Upgrade
- UK Government Environmental Levies (RO/FIT/EMR/CfD & CM)
- UK & European Carbon Prices
- Brexit Negotiations
- UK Gas Winter Storage Levels
- French Nuclear Power Problems

## General Comments

Gas prices rose on lower and unpredictable imports, mainly from Norway, with only occasional relief coming from scarce moments of an over-supplied system.

A rally in Asian spot gas markets, led by China who have an ongoing program to provide gas to millions of households, has seen a sharp increase in demand which means the area was attracting far more winter LNG supplies compared to European markets.

Closer to home, demand continues to grow as we head deeper into winter with cooler weather forecasts giving traders an excuse to rally the market, this could lead to more volatile prices over the coming months with uncertainty about LNG supplies, the closure of Rough and additional gas needed for electricity generation.

French nuclear power concerns continued to spook UK electricity prices. Benchmark EU Carbon prices hit their highest since January 2016 and coupled with high coal prices in Europe, there was little incentive to bring prices down.

The recent interest rate rise by the Bank of England has also supported UK energy markets as the Sterling suffers against other major currencies as a consequence.

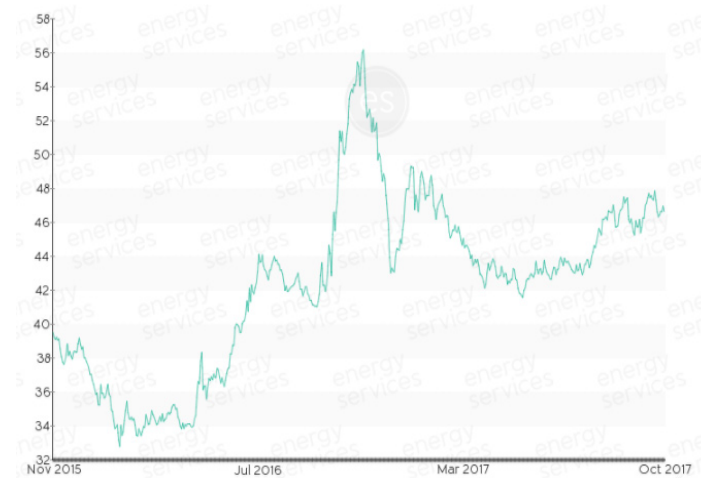
Oil prices rallied to finish the month strongly above \$61 for the first time since July 2015 after signs that the global market was rebalancing with continued OPEC-led supply cuts.

Fighting in Iraq's oil-rich Kurdish region also help support the markets. Hedge Funds and speculators were seen to be taking full advantage of the situation.

Saudi Arabia's fight against corruption has also helped support oil prices with some believing it could be the start of a power struggle in the country.

## Electricity

### Annual Forward Baseload Price (Flat Cost)



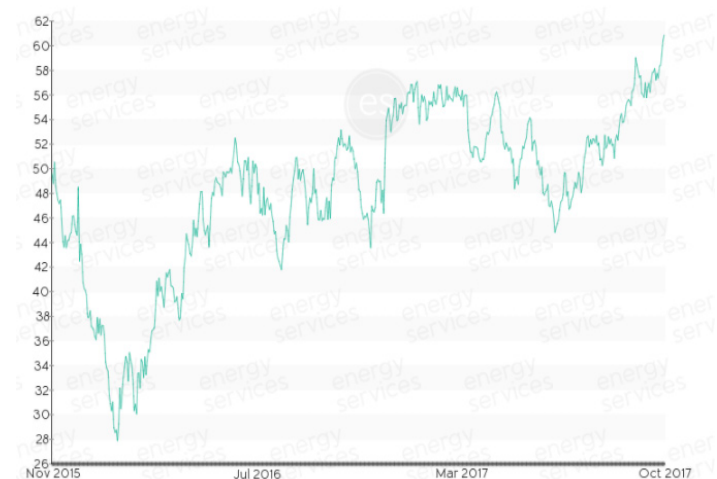
## Gas

### UK October Gas Year Price (Flat Cost)



## Oil

### Front Month Price (Brent Crude)



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