

# December 2017 Newsletter



## Dear Customer

Energy prices in the UK were volatile through November reacting mainly to daily demand with spells of colder than average weather driving speculative trading. While the supply side was comfortable overall, changes in the direction of the gas interconnector between the UK and Belgium were frequent. Oil prices stayed above \$60 although never broke the \$65 mark despite speculation around the latest OPEC meeting at the end of the month.

## 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 became more and more volatile as Autumn gave way to Winter and temperatures across northern Europe began to drop. When the odd sign of slightly milder weather was forecast, prices reacted accordingly and reduced although most of the time it was temporary.

With the rough storage facility closed permanently, the UK is relying on Norwegian gas flows and LNG cargoes, while the previous is providing its fair share, the latter is thin on the ground with Asian prices still above their European counterparts meaning they are attracting the bulk of global supplies.

Continued concerns around the French Nuclear Power situation bolstered prices which combined with volatile gas gave support to the UK power market.

Brent Crude Oil prices continued to trade above \$60 with continued calls from OPEC players such as Saudi Arabia to maintain production cuts beyond April 2018, which was eventually agreed upon at the meeting on the 30th of November. There had been rumours that Russia were not so keen on the extension but prices reacted positively and approached near 2 year highs of \$65 before settling back.

Continued geopolitical tensions, mainly between Saudi Arabia and Iran, have also kept the 'risk factor' across global energy prices.

Finally, Happy Christmas and a Prosperous New Year from all at Energy Services.

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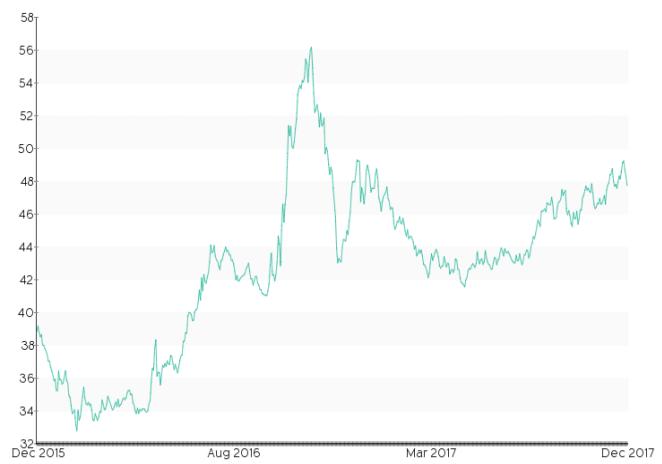
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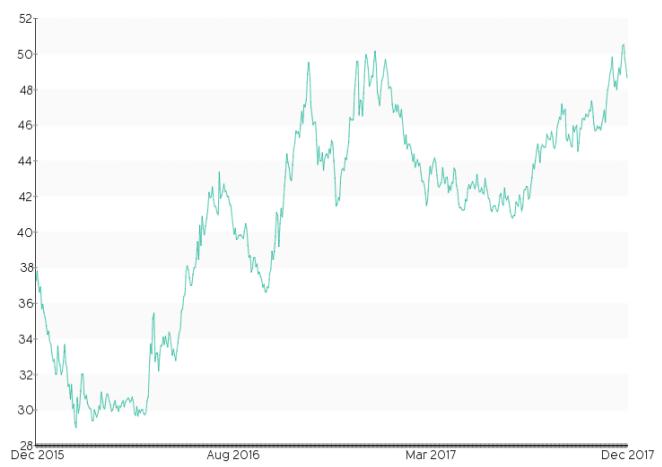


Note: All information was obtained from wholesale market data sources. Energy Services accepts no liability for the accuracy of any third party market information.

## Electricity Annual Forward Baseload Price (Flat Cost)



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



## Oil Front Month Price (Brent Crude)

