

November 2018 Newsletter



energy
services
BUSINESS POWER LTD

Dear Customer

The bull run on commodities appeared to come to an end in October with UK electricity, UK gas, oil, coal and EU Carbon prices all losing ground in the run up to Winter. A fall in global stock markets led to a fall in oil prices after they hit a four-year peak at the beginning of October. Prices fell away sharply as indicators showed that demand was beginning to wane.

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/EII)
- UK & European Carbon Prices
- Brexit Negotiations
- UK Gas Winter Storage Levels
- French & Belgium Nuclear Power Problems
- Groningen – Reduced Dutch Gas Production

General Comments

Continued mild weather in the first half of the month provided a healthy supply and demand balance within the UK. Increased LNG deliveries also helped to put pressure on prices even when temperatures fell to below average for the time of year. The fall in oil and carbon markets also helped to pressure the market.

Electricity prices fell as Carbon reduced by round 23% from the start of October. Coal prices fell back below \$100. Warmer temperatures and increased renewable generation has also helped reduce the power market.

The shutdown of nuclear power stations in Belgium has caused price spikes internally however has had very little impact on UK prices so far.

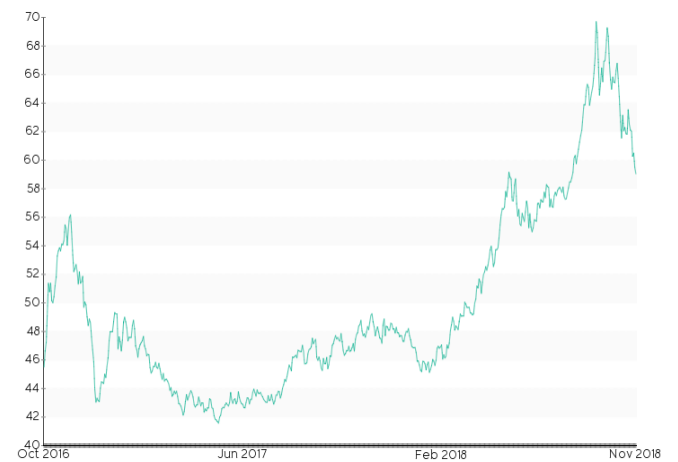
Oil prices hit a four year high of over \$86 at the beginning of October however fell back at the end of the month to around \$75. Official US figures showed increased oil stocks which hinted at a slowdown in demand. Prices fell despite the implementation of sanctions on Iran and a diplomatic situation which caused tensions with Saudi Arabia over the killing of a journalist in Turkey.

So far in November oil prices are trading around \$70.

While the market has reduced over recent weeks, prices are still higher than average over the last couple of years, but the trend now appears to be downwards for the time being.

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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