

April 2017 Newsletter



Dear Customer

Wholesale energy prices spent much of March on the decline with warmer spring weather arriving in the UK however there was a sting in the tail at the very end of the month with rising oil prices driving trading momentum across the board in commodity markets.

Main Drivers

- Power & Gas Supply / Demand Balance
- LNG supply deliveries
- Financial Speculation & Trading Activity
- Norwegian Plant Maintenance & Outages
- Decline in UK coal plant activity
- Fluctuating wind power generation
- UK Distribution & Transportation Network Upgrade
- UK Government Environmental Levies (RO/FIT/EMR CfD & CM)
- UK & European Carbon Prices

General Comments

UK gas prices followed the fundamental line through the month with warmer temperatures lowering demand with healthy supply margins coming into the country.

In the final few days of the month some of the losses were reversed as oil prices climbed from their monthly lows giving traders an excuse to come back into the energy markets in an aggressive manor. The addition of some gas field outages and expected cooler weather added to the bullish sentiment.

Electricity prices mirrored the gas market mainly due to falling demand but rose again with the rise in oil prices and strikes in France adding to a tight supply system in Europe.

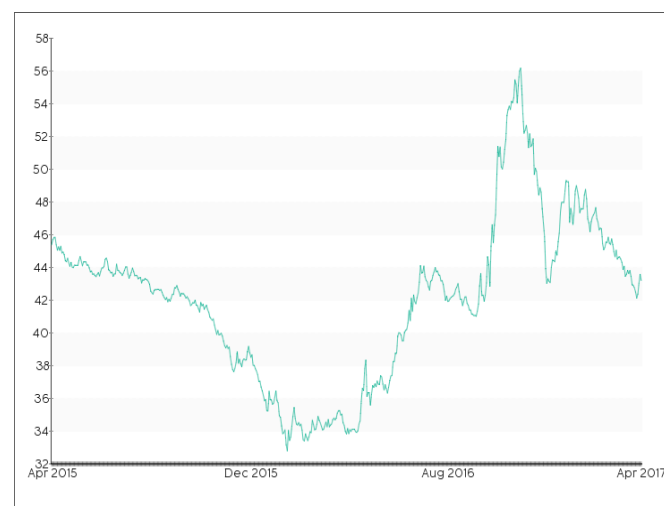
The switch to renewable energy in the UK is becoming more evident and showing signs of playing a big part in the energy mix as solar power reached a new milestone in the UK, when power produced from solar outweighed required demand from normal sources of power generation (nuclear, gas and coal).

Demand for electricity one weekend in March was greater at night than during the day due to the amount of electricity generated by Solar installations across the country.

Oil prices fell for most of the month as the US stockpiles seemed to be winning the price war over the cut in production from OPEC and their affiliated countries. However with talk of OPEC cutting production further, prices ticked back up again although still finished the month several dollars lower than the beginning of March.

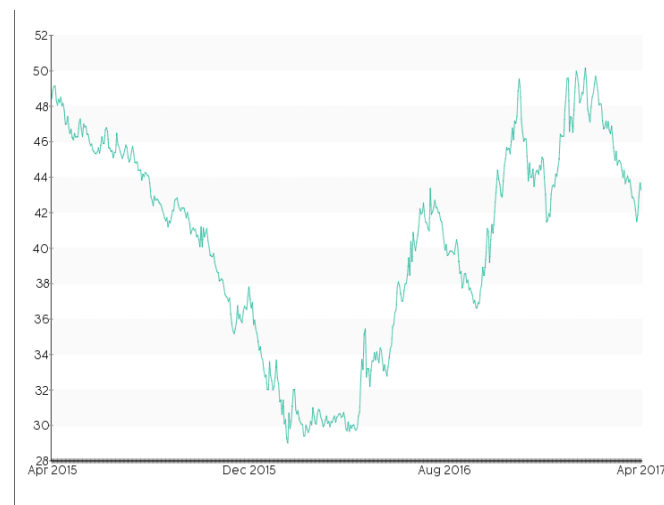
Electricity

Annual Forward Baseload Price (Flat Cost)



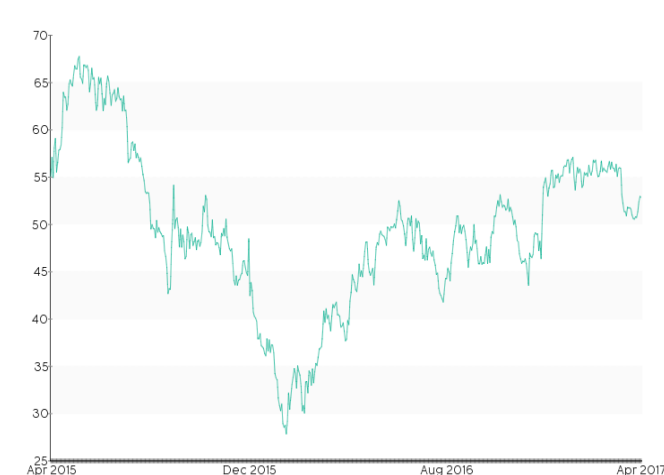
Gas

UK October Gas Year Price (Flat Cost)



Oil

Front Month Price (Brent Crude)



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