week on week

marketview

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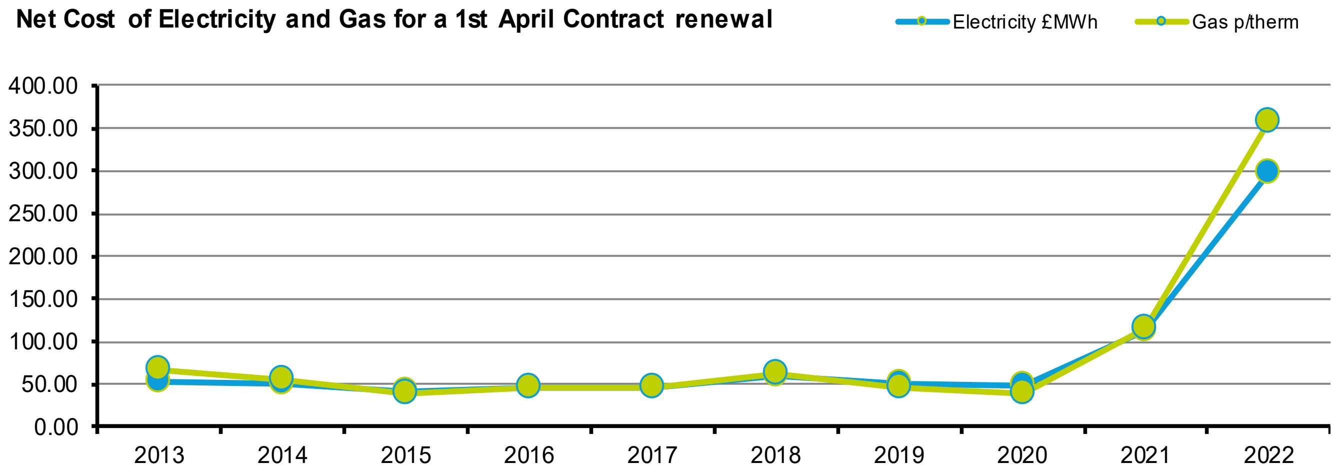
PLANET FIRST ENERGY



Electricity: base load cost - excludes distribution, taxation and supplier margin and costs

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
52.30	51.38	42.10	46.68	45.50	61.48	50.80	46.75	115.20	308.50

Gas: core gas cost - excludes distribution, taxation and supplier margin and costs

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
66.33	56.84	40.48	45.39	45.64	65.90	46.33	38.46	114.78	381.72

Week commencing 24th October 2022

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	$92.12	353.82	£352.72	$256.00
End	$96.07	331.49	£342.39	$241.50

Early last week saw markets come off hard, while still littered with volatility as prices were jumping around and very large trading ranges emerged across most contracts. However, the markets well and truly closed in a bullish manner as front month contracts in the UK and Europe neared delivery. This was despite the fact that the regions were experiencing higher than average seasonal temperatures, wind generation remained healthy and LNG supplies continue to arrive in large volumes. An interesting disconnect occurred during the week as Q123 NBP was trending down, its UBL counterpart stopped tracking it and rather switched to mirror French power prices. Although the week ended bullishly it's important to note that the markets were still on the whole for the week very bearish. NOV22 UBL was down 26% closing at £241.76/MWh. Centrica's announcement of the reopening of the Rough gas storage facility could help reduce fears surrounding the tightest of winter day supplies, potentially further easing risk premiums out of NBP contracts over the winter. Finally, Brent crude while overall up compared to the week before gaining 5.83%.

Week commencing 17th October 2022

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	$91.98	380.73	£395.92	$265.00
End	$92.12	353.82	£352.72	$256.00

Early last week saw a lot of market volatility with prices jumping and very large trading ranges across most contracts, this was primarily due to market uncertainty and fundamentals, such as: political instability, power supply uncertainty due to strikes in France and the European Commission's discussions of a gas price cap. However, the markets well and truly closed in a bearish manner as the UK and Europe experienced higher than average seasonal temperatures, wind generation remained healthy and LNG supplies continue to arrive in large volumes. These fundamentals combined to create demand destruction as well as a reduction in supply tightness resulting in falling prices. Furthermore, the risk premiums at the front of the curve for power and gas are continuing to get priced out which also contributes to weakening prices. Markets, after such a seismic shift, will naturally bounce around as they recalibrate themselves and levels of support/ resistance become established again. Finally, Brent crude while overall up compared to the week before, did experience losses over the trading week as demand uncertainty emerged in China as they went back into Covid lockdown procedures.

Week commencing 10th October 2022

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	$96.34	402.14	£415.92	$246.00
End	$91.98	380.73	£395.92	$265.00

Early last week saw a lot of market volatility with prices jumping and very large trading ranges across most contracts, this was primarily due to market uncertainty and fundamentals such as an 'incident' at a Norwegian gas terminal which caused the TTF market to react aggressively. However, the markets well and truly closed in a bearish manner as the UK and Europe experienced higher than average seasonal temperatures, wind generation remained healthy and LNG supplies were arriving in large volumes. These fundamentals combined to create demand destruction as well as a reduction in supply tightness resulting in falling prices. This is evidenced by UBL Nov22 which settled at the end of last week at £373/MWh compared to the week before when it had been trading in the £420/MWh range. Furthermore, the risk premiums at the front of the curve for power and gas are beginning to get priced out which also contributes to weakening prices. Finally, Brent crude while overall up compared to the week before, registering a weekly gain of 1.75%, actually fell dramatically from the week's high of $98.6/barrel over the last two sessions.

Week commencing 3rd October 2022

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	$88.13	429.99	£416.93	$308.00
End	$96.34	402.14	£415.92	$246.00

Brent crude was the one commodity that defied the weak close to the week, which off the back of OPEC+'s production cut announcement saw its Dec 22 contract rally 8.74% closing in on $100/barrel again. OPEC+ is set to slash production by 2 million barrels a day, leading to fears in the west that this will result in even tighter oil supplies over the winter period. The only real winner of this production cut announcement is Russia, who because they are already producing less barrels than target, will not have to reign in their production but will benefit from the increased oil prices. The EC announced towards the end of last week that they were closing in on a consensus agreement regarding a gas price cap to help countries tackle the winter energy crisis. However, EFET criticised the premise, asserting that a price cap would merely result in supplies, particularly of LNG, being diverted to Asian markets where a price premium would end up being paid. Furthermore, EFET stated that "the price cap the gap between supply and demand and will lead to more rationing". The French nuclear fleet remains only 50% operational, due to a combination of planned and unplanned maintenance works. This has been putting pressure on supply levels across Europe, yet the mild temperatures and unusually high wind generation have weighed on the curve. Within power markets, gas supply concerns will remain the dominant driving force behind curve direction, which will help to keep the risk premium high in the prompt markets.

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