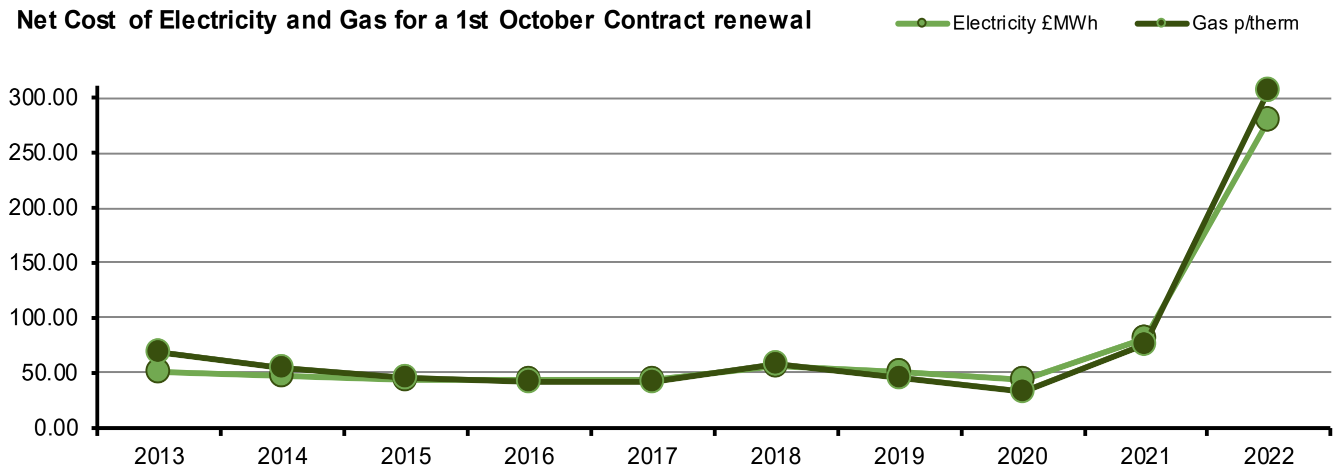
week on week

marketview

eca business energy
buy better, use less

Report issued: 20th July 2022



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

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
51.67	46.74	44.11	43.42	42.95	56.35	50.95	43.10	81.18	279.10

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

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
68.74	54.28	45.81	42.10	41.98	58.13	46.13	32.14	75.65	306.02

Week commencing 11th July 2022

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	$106.49	376.15	£341.93	$397.00
End	$100.94	338.93	£339.53	$374.50

The energy markets continued their volatility last week with a change to the shape of pricing curves. Front month Aug-22 contracts sold off on Friday afternoon as the risk premium was shed as it gets closer to delivery. Traders battled all week with balancing fears of Nord Stream 1 coming back online. The start of the week saw value selling off on news that Canada was to return Siemens gas turbines. Tuesday then saw the market rally on news that one of Equinor's gas platforms was out of action due to gas leaks, reversing the sell off seen on Monday. Brent saw a large sell off with combined impact of a strong US dollar, fears of an economic slowdown and covid-19 growth in China. Pricing then rallied further on Wednesday as Norwegian flows were still out of action, with NBP Winter-22 pricing hitting 450p/therm. The back end of the week saw a strong sell off despite there being little change in fundamentals, with the possible reasoning for this profit taking and traders de-risking ahead of the weekend.

Week commencing 4th July 2022

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	$110.33	317.84	£289.35	$373.00
End	$106.49	376.15	£341.93	$397.00

Last week saw the market become increasingly nervous as the political tensions over gas supply to Europe ramped up. Market liquidity remains low as traders remained nervous of being caught out by large spikes in the market. Electricity continued to follow the moves in gas closely, something that seems unlikely to change in the short term. Monday saw the market rally hard, with Winter-22 hitting a new high of 416p/therm. Moves seemed to be driven around the fears of Norwegian gas and oil workers going on strike on Wednesday. Tuesday saw a similar rally with Winter-22 NBP again hitting a new high of 434p/therm, although a Tuesday afternoon sell-off saw value shed as the Norwegian government stepped in and ended workers strike. Later stages of the week saw the market rally once again due to the nervousness around the Nordstream 1 maintenance. With the new highs in the marker we would expect to see demand destruction across consumers which may provide a slight relief this winter. The end of the week saw Aug-22 NBP drop 23% as Canada hinted it may return gas turbines to get Nordstream1 back up to 100% capacity. Aug-22 NBP settled the week down 26.72p/therm, with Winter-22 up 24.78p/therm and Summer-23 up 50.57p/therm. Power followed closely, Aug-22 down £14.16/MWh, Winter-22 up £36.78/MWh and Summer-23 up £33.09/MWh.

Week commencing 27th June 2022

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	$113.45	279.37	£255.06	$374.75
End	$110.33	317.84	£289.35	$373.00

Last week saw volatility dominate the energy markets as nervousness persists. Winter-22 and Summer-23 markets remain bullish as supply issues worsen and there is little in the way of bearish factors to mitigate supply interruptions. The week started with concerns of increased Russian aggression in Ukraine and fears of increased NATO involvement in the Ukraine and Russia conflict. The end of the week saw Aug-22 contracts drop value as LNG deliveries to the UK look to remain strong during August. As the UK is currently a net exporter of gas, and with continued threat of supply interruptions from Russia, Winter-22 pricing is expected to stay strong. This resulted in NBP gains of 8.33p/therm and 7.46p/therm for Winter-22 and Summer-23 respectively. Power continues to follow moves seen in gas with no real indicators that this would stop. Aug-22 UBL dropped £9.33/MWh whilst Winter-22 and Summer-23 saw gains of £2.26/MWh and £4.12/MWh. Carbon saw a week on consolidation with relative quiet in comparison to the gas and power markets. EUAs finished the week up €0.70/tonne whilst UKAs finished down £0.70/tonne. Brent continued its volatility as the market battles a tightness in supply and lower OPEC+ output against waning global demand and recession fears.

Week commencing 20th June 2022

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	$115.89	256.16	£236.89	$377.00
End	$113.45	279.37	£255.06	$374.75

Last week saw turbulence in the global energy markets as the Russian-Ukraine war continued to challenge policy makers globally. The markets started off the week trading wide ranges, as a lack of liquidity help to increase volatility of pricing. The market remained nervous throughout the week as it waited on news of Russian gas flows through to Europe. Front month gas saw trading ranges of 36.5p/therm, nervousness was balanced by warmer weather forecasts for July. Concern remains about supply of gas to Europe over this winter, this was illustrated by Germany activating phase 2 of their gas emergency plan, aiming to reduce consumption of consumers in favour of injection into storage. Power followed the moves seen in gas but saw less volatility in its trading. Front months finished the week down 31.1p/therm and £10.49/MWh for NBP and UBL respectively. Winter-22 contracts meanwhile were up 34.20p/therm and £28.78/MWh for gas and power. Brent had a volatile week, dropping $1.01/barrel of value on poor economic forecasts out of the US amid tight supply. Renewable generation crept up at the end of the week, with wind and solar generation combining to produce 70% of the electricity stack on Sunday 26th at 15:00. Grid emissions dropped to 33g/kWh with the plentiful renewable generation.