

# week on week

## marketview

Report issued: 5th July 2023

### Net Cost of Electricity and Gas for a 1st October Contract renewal



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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
47.26	43.63	42.22	43.03	55.68	50.48	41.04	76.23	240.67	68.13

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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
56.39	45.70	41.64	42.45	55.22	46.99	31.60	70.51	272.99	131.54

#### Week commencing 26<sup>th</sup> June 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$73.50	118.25	£116.14	\$118.50
<b>End</b>	\$74.87	127.50	£119.69	\$125.00

The week started trading slightly higher on an undersupplied system and the news of political and military instability in Russia raising fears of supply disruption. Markets then dropped on weather forecasts and expectations to be cooler compared to previous week which will ease cooling demand around Europe. EU and UK gas storage remain at healthy levels. The week ended with prices elevated on upward pressure from news of outages being prolonged.

#### Week commencing 19<sup>th</sup> June 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$75.97	115.98	£118.53	\$117.75
<b>End</b>	\$73.50	118.25	£116.14	\$118.50

Gas & Power opened the week trading lower to the previous weeks close, temperatures in Europe were predicated to be above normal for the remainder of the month and maintenance disruptions did not interrupt Norwegian flows to the UK. Mid week saw extended outages in Norway announced which cast uncertainty of supply levels causing markets to firm. By the week close the oversupplied Gas system, increasing wind output and a weakening in Asian LNG pricing saw prices retreat once more.

#### Week commencing 12<sup>th</sup> June 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$76.27	110.46	£110.31	\$116.75
<b>End</b>	\$75.97	115.98	£118.53	\$117.75

A week of volatility as markets try to assess whether current supply disruption caused by gas and LNG plant outages would be offset by high inventory levels and hot weather. Mid week saw a spike of more than 15% on the news of gas plant maintenance work being extended until July only to be clawed back the next day. Contracts continued to see gains supported by below seasonal wind output and lower LNG cargoes to the UK. Friday saw some correction however week on week gains could be seen on both Gas & Power.

#### Week commencing 5<sup>th</sup> June 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$75.82	94.90	£99.67	\$97.25
<b>End</b>	\$76.27	110.46	£110.31	\$116.75

The week opened strong on the back of oil rallies on planned cuts in Saudi Production. French Nuclear strikes and ongoing maintenance added to the bullish picture. This volatility showed how supply disruptions can cause panic and price volatility even with European storage levels at 70% still in June. The firmer prices remained as extended nuclear outages along with the reduction in capacity of the North Sea Link between Norway and the UK and the increase in Asian LNG market interests.

Disclaimer: The above information is based on current market data available at the time of producing this document and is subject to change. ECA cannot be held responsible for movement in the commodity market.