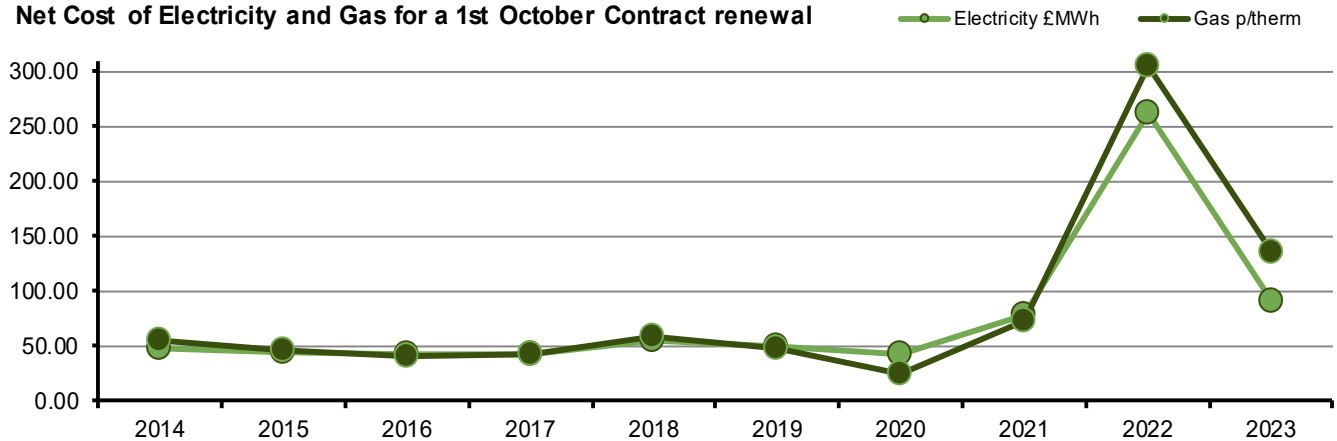


# month on month marketview

Review of: June 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
48.34	43.65	42.28	43.03	55.11	50.48	42.54	79.01	262.38	90.75

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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
55.79	45.62	41.28	42.45	57.73	46.99	23.70	72.09	305.49	134.76

▲ : Indicates that there was an upward pressure on prices.

▼ : Indicates that there was a downward pressure on prices.

## June in summary

June saw a change to the bearish movements seen all year with volatility creeping back into the market amid heavy LNG shortfall from the US as cargoes were directed to Asia. Adding to this was the shutdown of several core Norwegian gas facilities tightening the European gas market significantly. Then the unplanned outage at Nyhamna processing plant on the 13th of June for an additional three weeks.

## Market Volatility

Volatility in June came from lower LNG sendout due to increased Asian demand, increased Norwegian maintenances coupled with the unplanned outage at the Nyhamna processing plant – expected to be back online on the 15th July.

## Weather

June began fine and settled, with temperatures around average, but from the 9th it became warm and humid, and rather less settled, with thunderstorms breaking out in many areas. It remained very warm or hot for most of the rest of the month, but cooled down again in the final few days. It also became rather unsettled generally towards the end of the month.

## Gas, Storage and LNG News ▲

After two months with a steady downside European gas prices saw a strong rebound in June. The arbitrage of US LNG cargoes to Asia stood open at the beginning of June supporting a heavy drop of LNG arrivals to the NWE&UK region. On top of this, a planned shutdown of several core Norwegian facilities tightened the European gas market significantly. Then the unplanned extension of the shutdown at the Nyhamna processing plant on 13 June for additional three weeks got the market panicking and triggered waves of short covering. Nyhamna brings around 50mcm daily supply from the large Aasta Hanstean and Ormen Lange fields in Norway.

## Politics and Global Economics ▲

The main driver for UK and Europe gas prices over June was the news of Russian Mercenaries stirring political and military instability in Russia raising fears of supply disruption. Although Russian piped gas flows to Europe have been significantly reduced, the EU still imports large amounts of LNG from Russia.

## Oil ▲

Oil demand growth forecasts for 2023 were revised up in the past few months and now stand almost 2.5 million bpd, compared to the previous year. However, some forecasting agencies are revising their forecasts downwards, as the Chinese economy has not been performing as well as expected. Compared to May, OPEC output decreased by 50,000 bpd in June. OPEC-10 production fell by 10,000 bpd. Saudi Arabia has announced the extension of its July voluntary cut of 1 million bpd to August.

## Coal ▲

Coal prices increased at the start of the month amid Saudi Arabia announcing a voluntary cut to oil production by 1 million bpd supporting the coal demand increasing prices. This increase continued supported by a strong gain in gas prices mid-month however ended the month with a slight reduction coming from gas and LNG prices partially falling after steep gains the previous week.

## Carbon ▲

The start of June saw Carbon prices mirror the falling oil prices supported by warmer than normal weather in Europe. This changed mid-month as lower wind speeds impacted renewables leading to more carbon being required for gas burn. Extended outages at EDF's French nuclear plants would also lend support to the upside.

## Looking Ahead

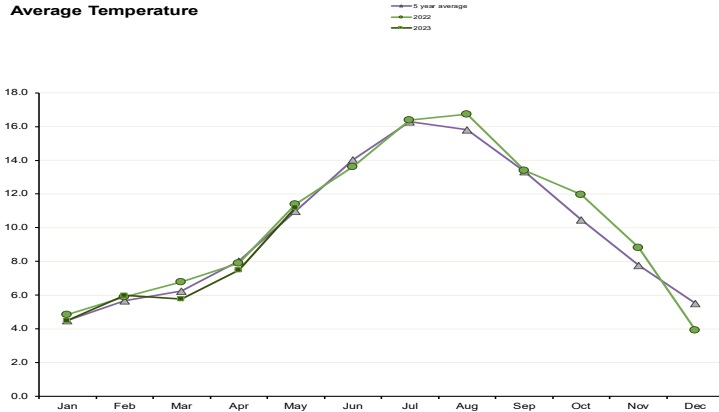
Despite a return to volatility and bullish movements in June, the fundamental view of many traders for the remainder of summer is bearish with ample gas storage in Europe which is on track to be full prior to the 1st November deadline. Norwegian maintenance for July is also expected to be much lighted which should help weigh down prices. Though further extension of Nyhamna beyond the scheduled return on 15th July is an important bullish risk for prices in July.

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.

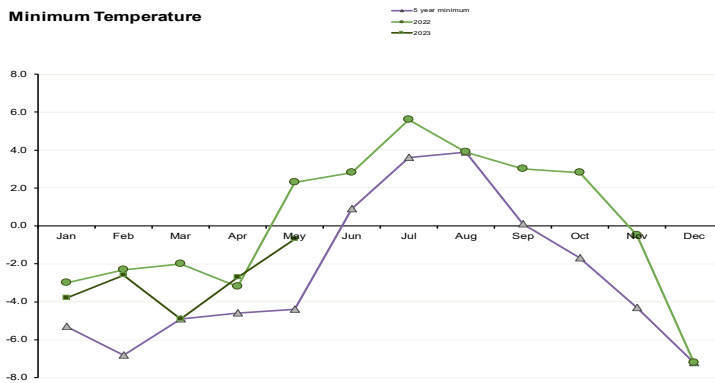
# month on month marketview

Review of: May 2023

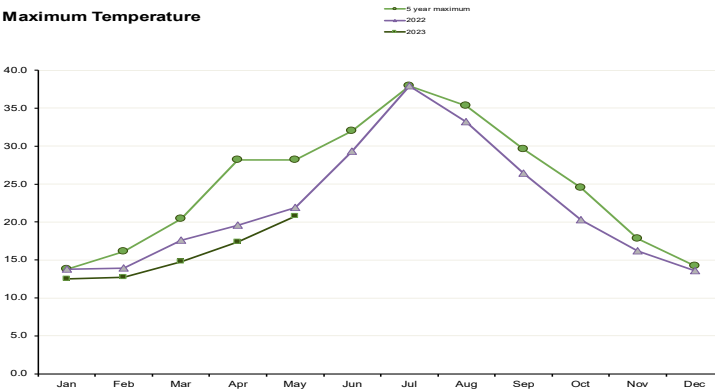
## Average Temperature



## Minimum Temperature



## Maximum Temperature



## Met Office UK summary

May began settled, but soon became much more unsettled, with some wet weather during the period from the 4th to the 11th. After that, it was much more settled for the remainder of the month, and often rather warm and sunny by day.

## Average temp: 2023: Summary

### 2023 Summary v 5 Year Average

(\* Positive numbers = warmer, negative = colder than 5 year average)

2023	April	May	Year total
°C	-0.6	0.2	-7.0
%	-6.9%	2.1%	-0.6

### 2022 v 2023 Summary

(\* Positive numbers = warmer, negative = colder than 2021)

2023	April	May	Year total
°C	-0.4	-0.2	-7.2
%	-7.5%	-2.2%	-0.6

## Min temp: 2023: Summary

### 2023 Summary v 5 Year Average

(\* Positive numbers = warmer, negative = colder than 5 year average)

2023	April	May	Year total
°C	1.9	3.7	1.3
%	-41.3%	-84.1%	-76.3%

### 2022 v 2023 Summary

(\* Positive numbers = warmer, negative = colder than 2021)

2023	April	May	Year total
°C	1.5	-3	-1.4
%	-10.9%	150%	-77%

## Max temp: 2023: Summary

### 2023 Summary v 5 Year Average

(\* Positive numbers = warmer, negative = colder than 5 year average)

2023	April	May	Year total
°C	2.2	1.1	15.5
%	7.8%	3.9%	57.2%

### 2022 v 2023 Summary

(\* Positive numbers = warmer, negative = colder than 2021)

2023	April	May	Year total
°C	-2.2	-1.1	-15.5
%	-13.5%	-5.1%	-70.1%

## Utility Impact Summary

When you switch your heating on make sure:

-It is on a timer, don't leave it running when there is no-one in the building

-On a temperature set point, usually around 22 degrees is enough, heating to a higher temperature does not make it warm up faster, it will only use more energy try to reach an unachievable temperature.

As the evenings are now lighter, make sure to adjust any automatic lighting timers to ensure lights are not switching on needlessly.