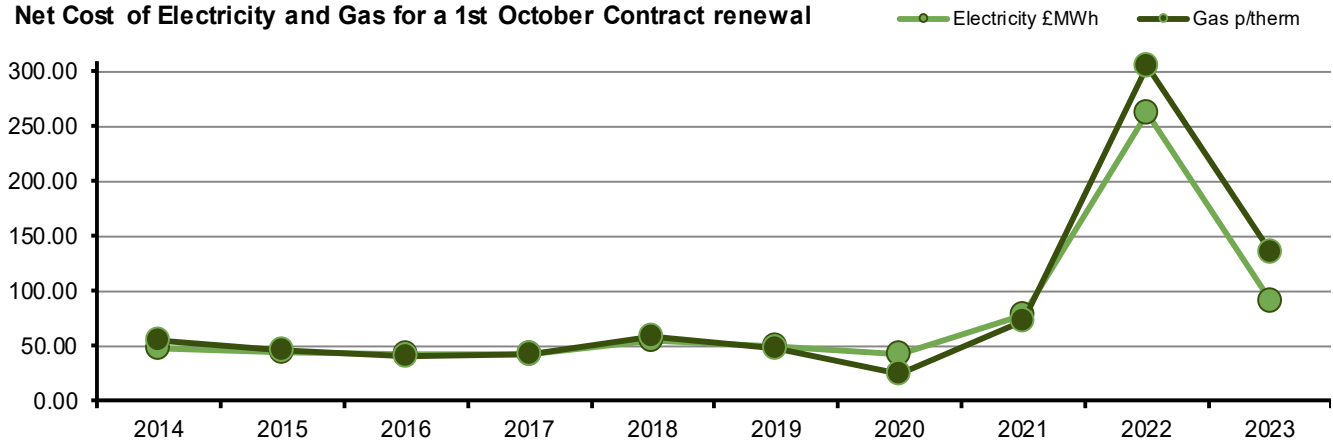


# month on month marketview

Review of: May 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.

## May in summary

May saw prices slide as the favourable weather continued, ongoing maintenance did little to hamper the trend.

## Market Volatility

Little volatility in May as the solid downward movement continued, steady week on week losses could be seen.

## Weather

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.

## Gas, Storage and LNG News ▼

As May started UK weather forecasts were revised to show below Seasonal norms, this did little to drive prices as natural gas benchmarks continued to see weekly dips, with the longest run of weekly declines in three years. The maintenance season continued with lower flows via Langeled which are due to continue until mid to late May. May also saw maximum exports via the pipelines that feed the Netherlands (BBL) and Belgium (IUK) resulting in an undersupplied gas system. Despite this prices were driven down when UK temperatures were forecast above seasonal normal which helped keep demand down. LNG flows remained strong for the majority of May, Hammerfest LNG facility in Norway came back online 27 May, which concluded a three week outage, this was welcomed news, with LNG prices becoming more attractive elsewhere, the UK has seen a fall in arrivals.

Storage levels across Europe sit at around 61%, market participants see the possibility of reaching the November 1st target of 90% by early September. This helped lower risk in Summer 23/Winter 23 prices.

## Politics and Global Economics

Chinese factory activity changed from decline to growth in May indicating that demand is picking up. If this continues near curve pricing could rally and potentially wash out into the far curve as LNG delivers more to Asia.

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.

## Oil ▼

Brent crude inventories increased by 3.6 million barrels, raising fears concerning poor oil demand. Data from the United States and China has concerned investors, as oil consumption in the world's two major oil users is declining. However, according to OPEC's updated global oil demand prediction, Chinese oil consumption will rise in the months to come. Upwards pressure still remains due to production restrictions and reduced Russian exports.

## Coal

Coal prices slipped to their lowest levels since mid-2021. Falls were broad-based across all major benchmarks including API2, API4, Colombian prices, and Newcastle prices. It is expected that movements in gas and LNG prices will remain a key driver of coal prices in Q3.

## Carbon ▼

May saw low auction supply, Market participants building up long positions and weak wind in the first half. UKA and EUA December contracts then followed bearish movements from mid May alongside the bearish trend of NBP.

## Looking Ahead

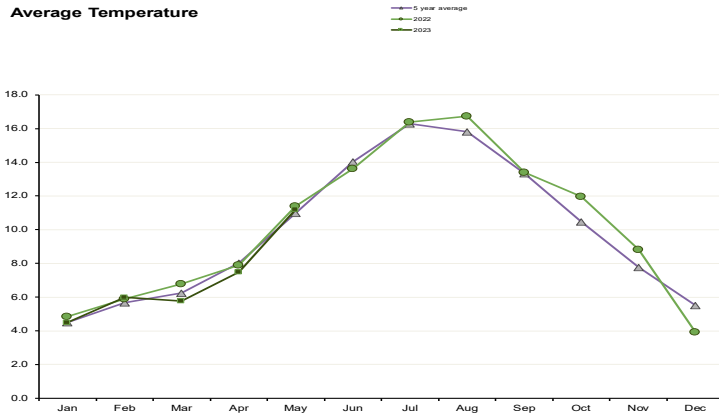
The NWE storages are forecast to end June well above last year and the five year average. Forecasts show that storages could be full before injection season ends which could ensure the bearish drive continues. Warmer than normal weather should see a strong reduction in consumption demand. The Norwegian maintenance will continue in June with several large fields shutdown and there is potential for higher gas for power generation due to lower wind speeds.

There is an expectation for lower LNG send out in June on the back of stronger cooling demand in Asia, the potential restocking in Northeast Asia and the opening of the North Sea Route.

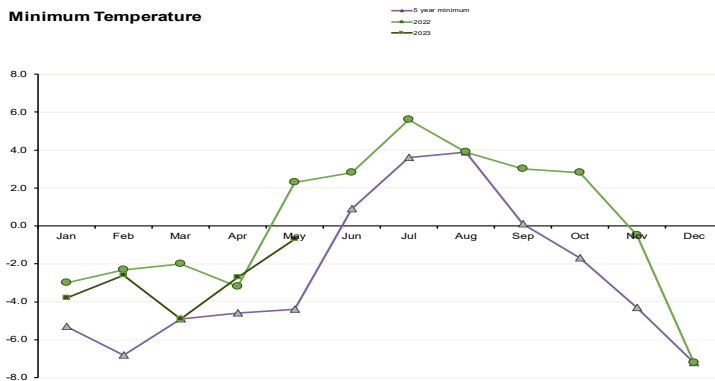
# month on month marketview

Review of: May 2023

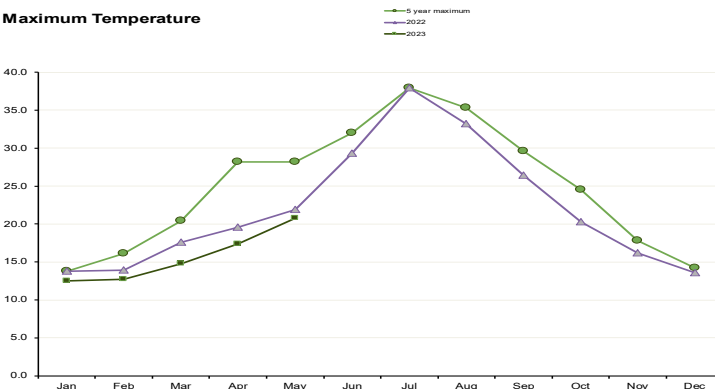
## Average Temperature



## 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.