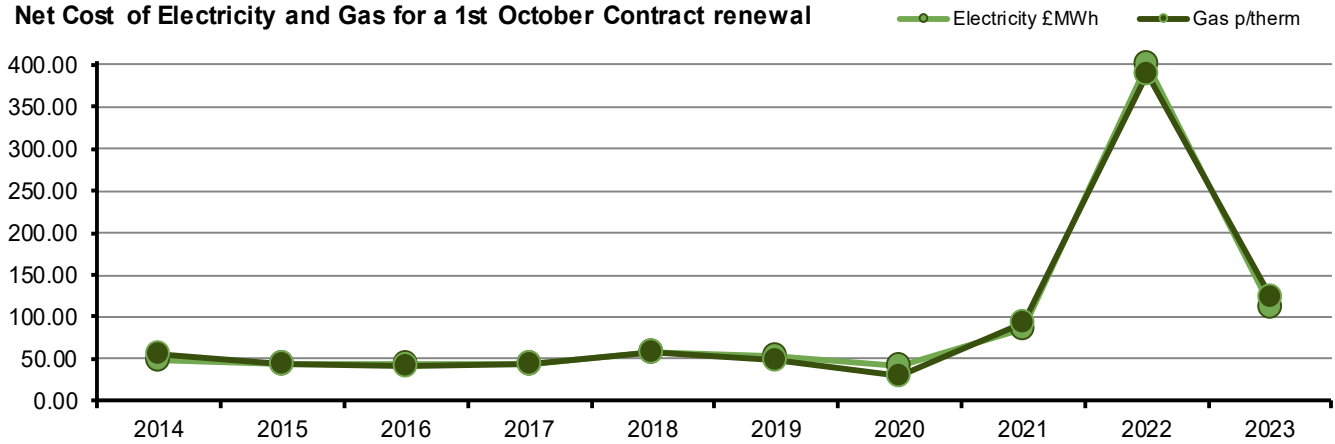


# month on month marketview

Review of: 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
49.17	43.02	43.03	43.26	56.76	52.21	40.93	85.03	401.10	110.91

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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
56.38	43.48	41.73	42.65	58.10	48.65	29.68	92.08	388.23	123.39

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

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

## July in summary

July saw a reversal of the bullish movements seen last month. The shutdown and maintenance work seen at a number of Norwegian gas facilities came to an end, and with this, we saw gas flows increase. Higher than normal levels of wind generation across the UK reduced gas demand, all of which saw the bears seize control once more.

## Market Volatility

Markets were fairly stable in July with very little in the way of market volatility. What market movement there was mainly came from the completion of several Norwegian maintenance projects and a slowdown in LNG shipments to the UK.

## Weather

July was an unsettled month in stark contrast to June. July saw cool, dull, windy weather and a lot of rainfall. The jet stream was much further south than in June, which resulted in weather more typically seen in autumn. Through the month, a succession of frontal systems made regular west-to-east progress across the UK. Although there was a brief very warm spell around the 7th-9th, with the hottest places just touching 30°C, this soon broke down resulting in thunderstorms.

## Gas, Storage and LNG News ▼

The bullish sentiment seen in June has been reversed in July with prices falling to the lows last seen in early June. The sharp drop in prices began when Norwegian flows began to increase following the conclusion on a number of maintenance outages. Chiefly the return from maintenance of Nyhamna, the largest Gassco processing plant, which has been offline since mid-May and the restart date, has been rescheduled several times. It was due to return on July 15th, but on the 13th Shell confirmed it will restart on the 15th and prices plunged on the news. Flows at Nyhamna did then restart as announced and we saw a further fall back in prices. Most other fundamentals are still bearish notably storages, total EU inventories reached over 80% full. Strong renewable output has also been a downside factor alongside weak industrial demand and higher French nuclear output. The only bullish factor is that LNG send out has fallen with the reduction of cargoes arriving across the UK and Europe.

## Politics and Global Economics ▼

A number of growth forecasts were revised lower in July due to worsening fundamentals across OECD countries and a slower than expected Chinese recovery. In the UK interest rates remained high with a further increase expected at the end of July/beginning of August to try and bring down inflation.

## Oil ▼

The IMF revised its global economic growth forecast down for this year from 3% to 2.8%. Oil growth forecasts were also revised lower to around 2.2 million bpd. OPEC output also decreased from last month, down 840,000 bpd with the cuts in Saudi Arabia's output the main reason for this fall.

## Coal

Coal prices saw a high start to the month following the higher gas prices seen in June because of the brief uprising in Russia against the war. However, as coal prices are closely tracking gas and LNG markets, coal prices too saw steep losses towards the middle of July. There was then some volatility in coal markets through the rest of July as coal disassociated from the gas trends somewhat, with prices broadly finishing the month where they began.

## Carbon

With auction volumes expected to be halved in August, there was a suggestion that Carbon prices may rise in anticipation of this. However, above average levels of wind generation meant there was less reliance on gas-for-power generation and therefore less demand for Carbon agreements.

## Looking Ahead

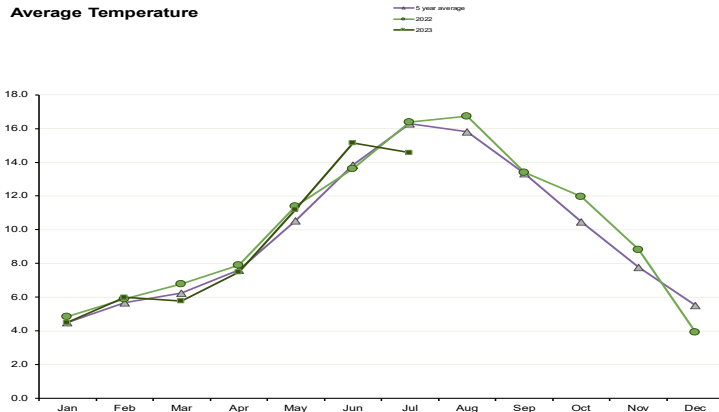
Norwegian maintenance will continue to play a part next month, as there are a number of scheduled works expected to take place. As we have seen already this year, there is a risk that these could be extended which would influence supply. The LNG outlook will also be interesting to monitor to see whether cargo levels to the UK & Europe will increase on this month's low levels. That said, storage levels still on-track to hit the 90% full target well before the November 1st deadline, which will likely mitigate any bullish factors.

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.

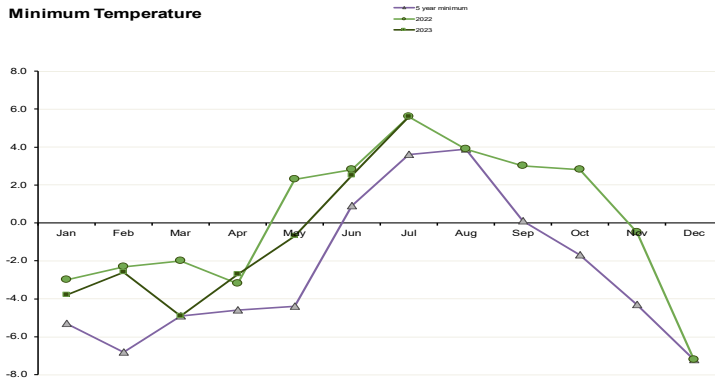
# month on month marketview

Review of: July 2023

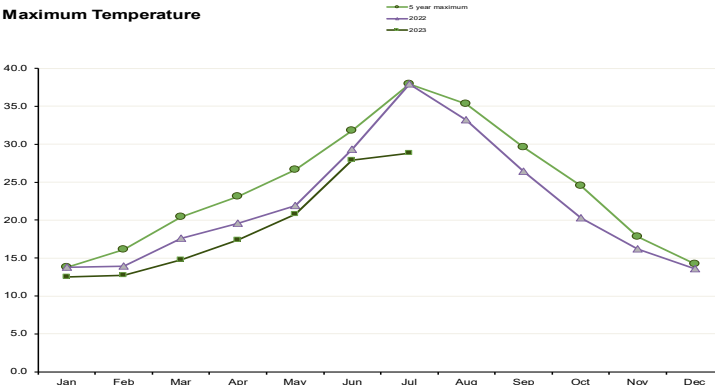
## Average Temperature



## Minimum Temperature



## Maximum Temperature



## Met Office UK summary

July was an unsettled month in stark contrast to June. July saw cool, dull, windy weather and a lot of rainfall. The jet stream was much further south than in June, which resulted in weather more typically seen in autumn. Through the month, a succession of frontal systems made regular west-to-east progress across the UK. Although there was a brief very warm spell around the 7th-9th, with the hottest places just touching 30°C, this soon broke down resulting in thunderstorms.

## Average temp: 2023: Summary

### 2023 Summary v 5 Year Average

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

2023	June	July	Year total
°C	1.3	-1.7	-4.4
%	9.4%	-10.7%	-0.4%

### 2022 v 2023 Summary

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

2023	June	July	Year total
°C	1.5	-1.8	-4.8
%	11.1	-11.3%	-0.4

## Min temp: 2023: Summary

### 2023 Summary v 5 Year Average

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

2023	June	July	Year total
°C	1.6	2.0	2.0
%	177.8%	55.6%	-40.2%

### 2022 v 2023 Summary

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

2023	June	July	Year total
°C	-5.6	0.0	-0.7
%	143.6%	0.0%	-58.8%

## Max temp: 2023: Summary

### 2023 Summary v 5 Year Average

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

2023	June	July	Year total
°C	1.4	9.1	10.7
%	4.4%	24.0%	43.8%

### 2022 v 2023 Summary

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

2023	June	July	Year total
°C	-1.4	-9.1	-10.7
%	-5.3%	-31.8%	-52.9%

## 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.