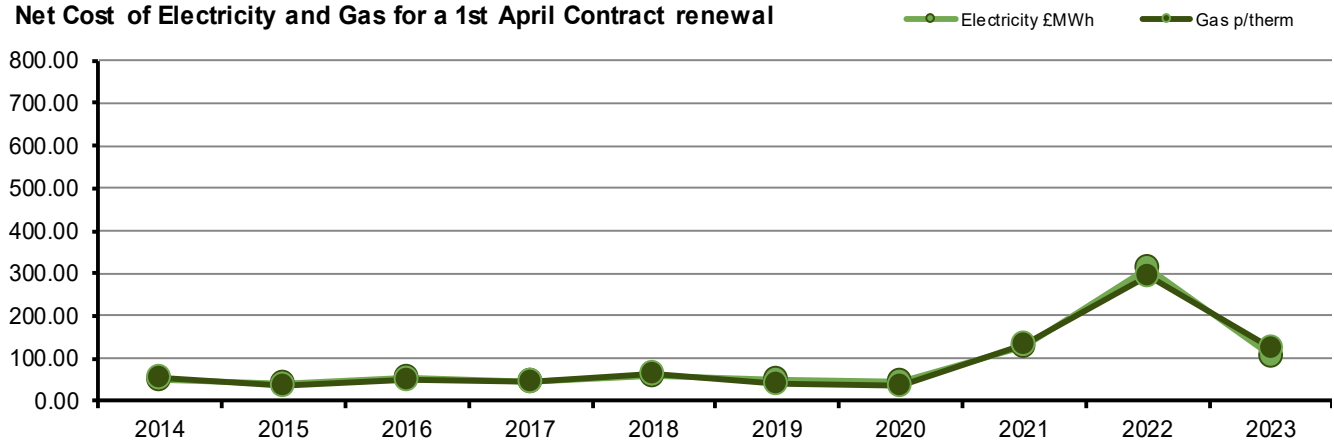


# month on month marketview

Review of: October 2023

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



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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
48.56	39.66	55.53	46.84	59.06	49.14	45.20	127.33	313.74	105.38

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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
52.86	37.84	48.01	46.53	62.40	41.28	37.05	130.41	296.00	123.89

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

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

## October in summary

October started the month bearish with bullishness creeping in as conflict in the Middle East erupted.

### Market Volatility

Volatility in the month came from the conflict in the Middle East and resumed strike action on Australian LNG terminals.

### Weather

The first half of October mostly comprised a north-south contrast in weather across the UK. England and Wales were generally nearer the influence of high pressure over the near-continent, with a particularly warm and sunny spell of weather early on in October. The second half of the month was unsettled and very wet at times. Widespread, prolonged and heavy rainfall from storm Babet caused serious flooding problems to many areas, with eastern Scotland worst affected. This, together with some very strong winds, brought atrocious weather conditions.

### Gas, Storage and LNG News ▲

October started bearishly due to a warm start to winter and rising Norwegian production following maintenance season. This was reversed however by the start of the conflict in the Middle East, seeing commodity rallies on the geopolitical risk and potential contagion to other Middle Eastern countries and disruptions to energy supplies. The potential state-sponsored attack on the Balticconnector pipeline and a resurfacing of strike concerns in Australia added to the upside observed. Conflict aside, the market fundamentals remains stable with milder weather, stable LNG supply and record high gas storages in the UK and Europe.

### Politics and Global Economics ▲

Much of the month was dominated by conflict in the Middle East with traders speculating over the implications of it becoming a wider conflict bringing in other nations. There was also news through the month that the strikes at Australian LNG terminals resumed as an agreement was not reached. This has since been resolved.

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 ▲

Oil prices spiked in October with the conflict in the Middle East, however they began tracing down towards the end of the month. Elsewhere, oil demand growth forecasts for 2023 remain almost unchanged, with jet and petrochemical feedstock and Chinese growth leading the expansion. However, demand growth is expected to be lower in 2024 due to slowing economies and declining transportation fuel growth.

### Coal ▲

Coal largely tracked the gains seen on gas through the month and gas supply concerns following damage to a gas pipeline in the Baltic Sea, and renewed prospects for strike action at two Chevron LNG production facilities in Australia. The price then fell at the end of the month, which likely came as gas prices steadied after strong gains in recent weeks, which has likely seen market participants return their focus to relatively weak coal market fundamentals.

### Carbon ▼

The UK December contract UKA prices have gradually slumped throughout the week, representing the lowest traded UKA price since the birth of the UK ETS. UKAs have been on a negative trajectory throughout the past three weeks and faced further pressure as a result of the weak fortnightly UKA auction that occurred on October 18th. The British carbon market closed on Friday October 27th down at £37.6/ tCo2.

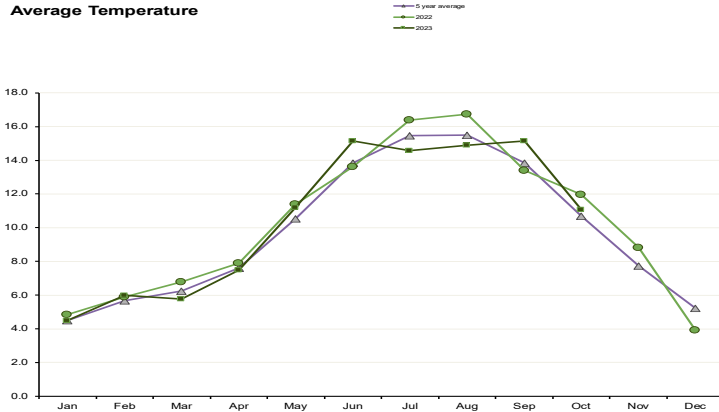
### Looking Ahead

The end of 2023 is expected to see a return to fundamentals in the market which should help reverse some of the gains we have seen this month. LNG remains strong to Europe and the UK coupled with increased Norwegian & domestic production.

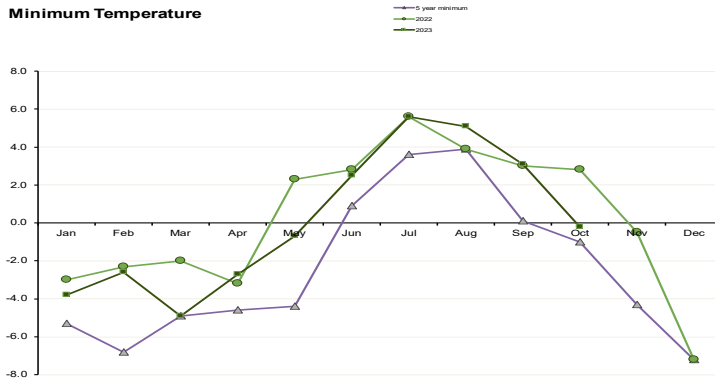
# month on month marketview

Review of: October 2023

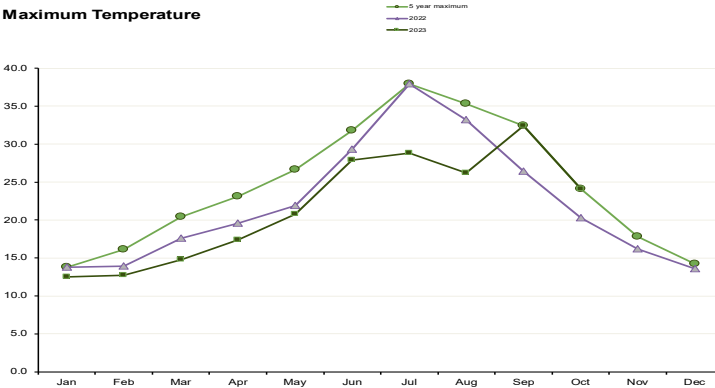
## Average Temperature



## Minimum Temperature



## Maximum Temperature



## Met Office UK summary

The first half of October mostly comprised a north-south contrast in weather across the UK. England and Wales were generally nearer the influence of high pressure over the near-continent, with a particularly warm and sunny spell of weather early on in October. The second half of the month was unsettled and very wet at times. Widespread, prolonged and heavy rainfall from storm Babet caused serious flooding problems to many areas, with eastern Scotland worst affected. This, together with some very strong winds, brought atrocious weather conditions.

## Average temp: 2023: Summary

### 2023 Summary v 5 Year Average

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

2023	September	October	Year total
°C	1.3	0.4	0.2
%	9.6%	3.5%	0.0%

### 2022 v 2023 Summary

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

2023	September	October	Year total
°C	1.8	-0.9	-0.3
%	12.3	-8.2%	0.0

## Min temp: 2023: Summary

### 2023 Summary v 5 Year Average

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

2023	September	October	Year total
°C	3	0.8	2.0
%	3000%	-80%	296.9%

### 2022 v 2023 Summary

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

2023	September	October	Year total
°C	0.1	-3.0	-0.9
%	2.1%	-600%	-34%

## Max temp: 2023: Summary

### 2023 Summary v 5 Year Average

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

2023	September	October	Year total
°C	9.1	7	3.3
%	24%	19.8%	11.6%

### 2022 v 2023 Summary

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

2023	September	October	Year total
°C	-6.0	-3.8	1.6
%	-18.5%	-15.8%	5.8%

## 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 getting darker and the clocks have changed, make sure to adjust any automatic lighting timers to ensure lights are not switching on needlessly.