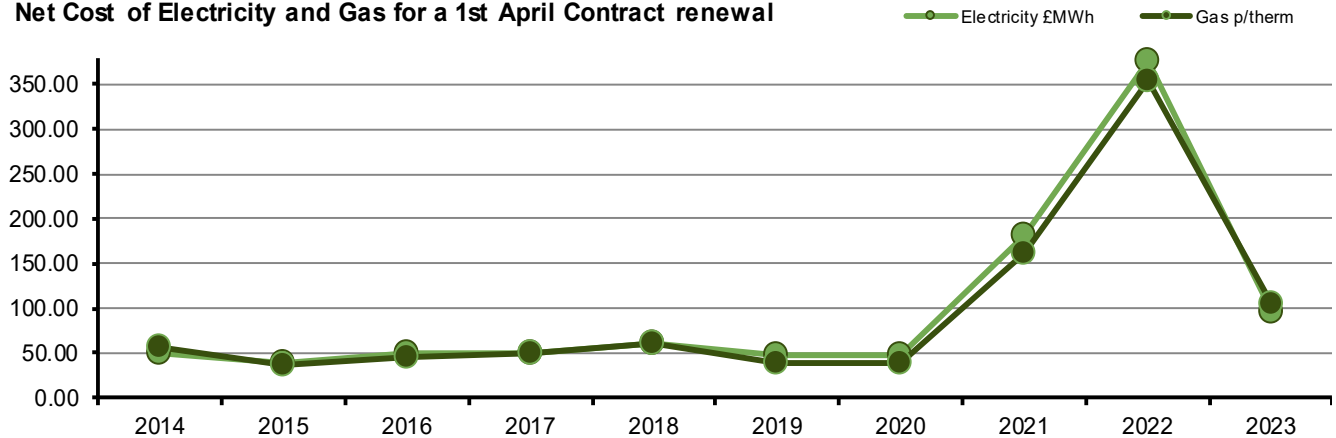


month on month marketview

Review of: November 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
49.44	38.84	50.89	48.74	60.12	46.96	48.45	180.45	375.70	96.34

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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
55.61	37.31	45.38	49.37	60.47	39.74	38.14	162.02	354.68	105

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

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

November in summary

November saw the initial bullish impact of the Gaza conflict subside, with bearish fundamentals taking control.

Market Volatility

There was no real significant volatility seen in November, with the exception of some risk premium being added due to colder weather forecasts. However, the strong storage situation and short duration of the forecasted cold snap meant that this was short-lived.

Weather

The first half of November was unsettled and stormy at times with strong winds and heavy rain. Storm Ciaran on 1st - 2nd was an exceptionally severe storm for the Channel Islands and northern France but fortunately was a 'near miss' for the UK. Storm Debi however brought some very strong winds and wet weather, particularly affecting Northern Ireland, North Wales and north-west England. In contrast, the second half of November saw rather quieter autumnal weather with continued mild temperatures. However, from 24th, we saw drier but much colder weather with some hard frosts and snowfall, particularly in the north and east.

Gas, Storage and LNG News ▼

November began on a bearish note as markets continued to shed the risk that was built in following the start of the conflict in Gaza. The conflict did not escalate and draw in surrounding nations as some had feared, and markets gave back the gains seen at the start of the conflict. Aside from the geopolitical issues, the market fundamentals remained bearish and were the main influence on pricing. Injections into storage continued throughout the first half of the month, which saw storage reach record high levels. The milder temperatures and healthy levels of LNG supply to both UK and Europe helped markets move lower. So much so, then the spell of colder weather at the end of the month did not halt the downward movement.

Politics and Global Economics ▼

November continued to be dominated by the events unfolding in Gaza, with several temporary ceasefires and prisoner exchanges agreed between the two sides. This also allowed much needed aid to enter the region. This for now seems to have alleviated the fears of the conflict spreading and drawing in surrounding nations.

Oil ▼

Oil demand forecasts for 2023 and 2024 were both revised higher on the back of an uptick in US and Chinese demand. However, demand growth remains below 1 million bpd level. OPEC output decreased by 90,000 bpd in November, with current supply and demand projections showing a drop in global oil stocks of more than 730,000 bpd in 2023.

Coal ▼

Coal saw a mixed start to November, with a bearish start before pricing rebounded, driven by gas and LNG pricing. Pricing then stabilised for a time before falling further. Fundamental indicators of European coal demand remain soft, with very little gas to coal fuel substitution expected and the outlook for coal demand remaining subdued.

Carbon ▼

The EUA December 23 contract plunged to new year-to-date low at below €76/t at the start of November, with prices struggling to return above this level. The carbon markets re-established correlation with gas markets, which have also been bearish. The mild and windy weather outlook along with high auction pricing have continued to pressure pricing throughout the month, with the EUA struggling to stay above €75/t at month-end.

Looking Ahead

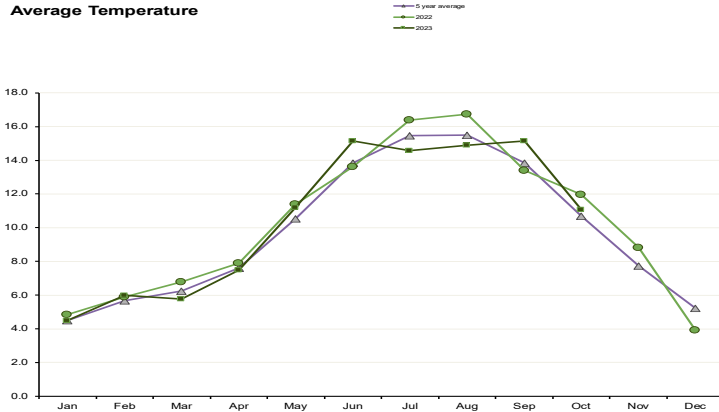
Market fundamentals are likely to dictate the direction of pricing in the coming months, especially the longer-term weather forecasts. Many will be watching these with interest to see if any prolonged cold spells of weather will arrive as we head deeper into winter. LNG levels remain strong to Europe and the UK for now, but Asian market demand will also be a point of interest. Particularly in the event of colder weather putting a squeeze on demand, should cargoes be drawn away from Europe.

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.

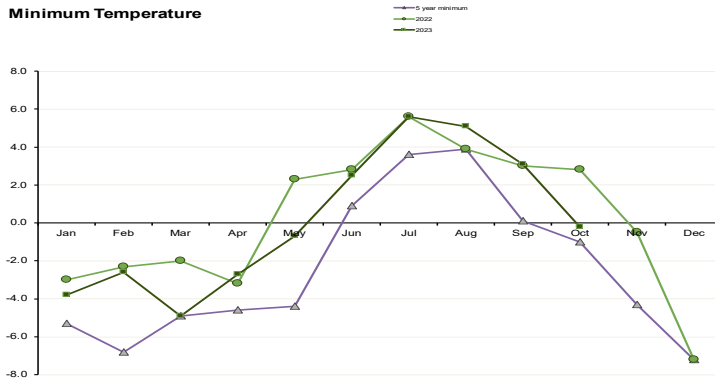
month on month marketview

Review of: October 2023

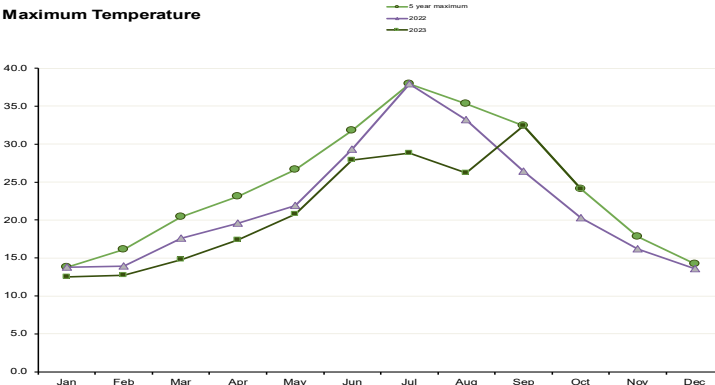
Average Temperature



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.