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ENERGY

# Energy Market Report

4<sup>th</sup> May 2022

# Gas

Gas Day-Ahead prices have softened due to a combination of warm weather, strong LNG send out, and the fact that there is currently still no major disruption to Russian gas flows.

Prices are down lower than pre-invasion levels but future seasons remain high with liquidity risk still present. Although the traditional gas for heat usage season is ending the pressing need to fill storage to protect against shortages next winter keeps pressure on prices.

The short term outlook contains mixed signals  
- overall providing a fairly neutral view.

## Bearish signals



- Although slowing down LNG send out remains very high.
- Softening of demand.
- UK and Norwegian producers reducing usual summer maintenance programmes in order to maximise production over the summer months.

## Bullish signals



- There still remains high risk of escalation of the war in Ukraine & ongoing uncertainty on Roubles payments with many mixed messages.
- Reduced French nuclear capacity and high potential for further unplanned outages.
- Risk of some colder weather on the way.

## UK NBP GBP / Therm

— Day Ahead  
— Winter 22



# Electricity



Day-Ahead contracts shared the descending price direction of its gas counterpart. Specific downward drivers in the last month include periods of April that saw higher wind outturn which eased supply margins combined with periods of lower demand across the Easter bank holiday period.

Winter '22 has fallen from the levels seen during the early part of the invasion.

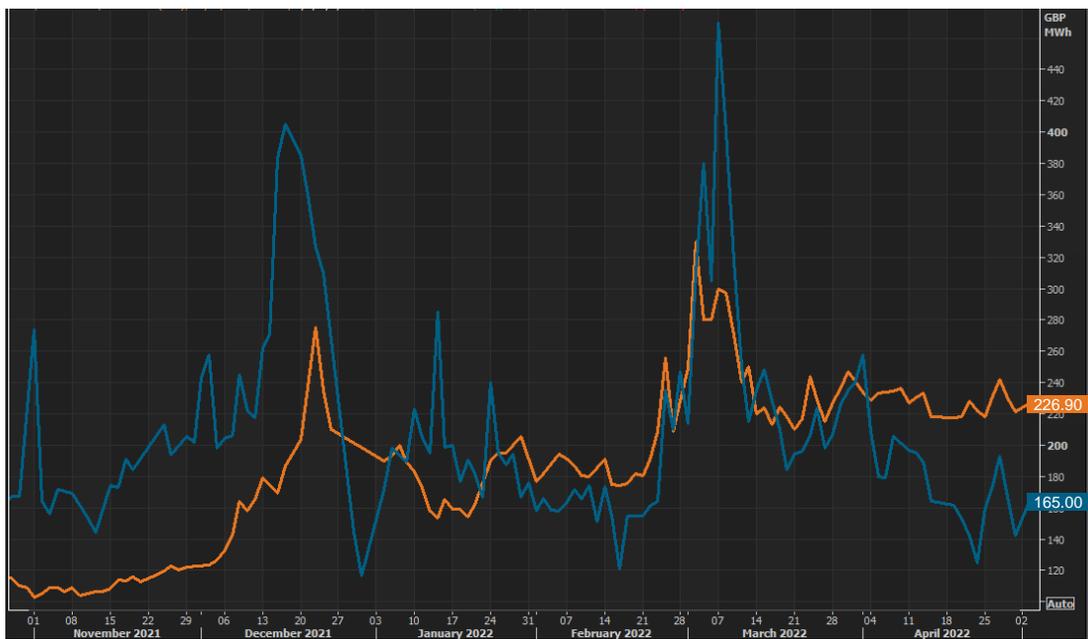
Since the back end of March, prices have been bouncing between c.£210 - £250, this still represents an increase of nearly 200% on the Winter '21 price at the same time last year.



— Winter '22 — Winter '21

## UK Baseload GBP / MWH

- Day Ahead
- Winter 22



All data courtesy of Reuters



# Focusing our energy on yours

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