



ginger
ENERGY

Energy Market Report

February 2023

2nd March 2023



Gas

Seasonal prices continued the downward trend witnessed in recent months, albeit at a slower pace than December and January.

Storage across North West Europe remains close to record highs and LNG supply remains strong.

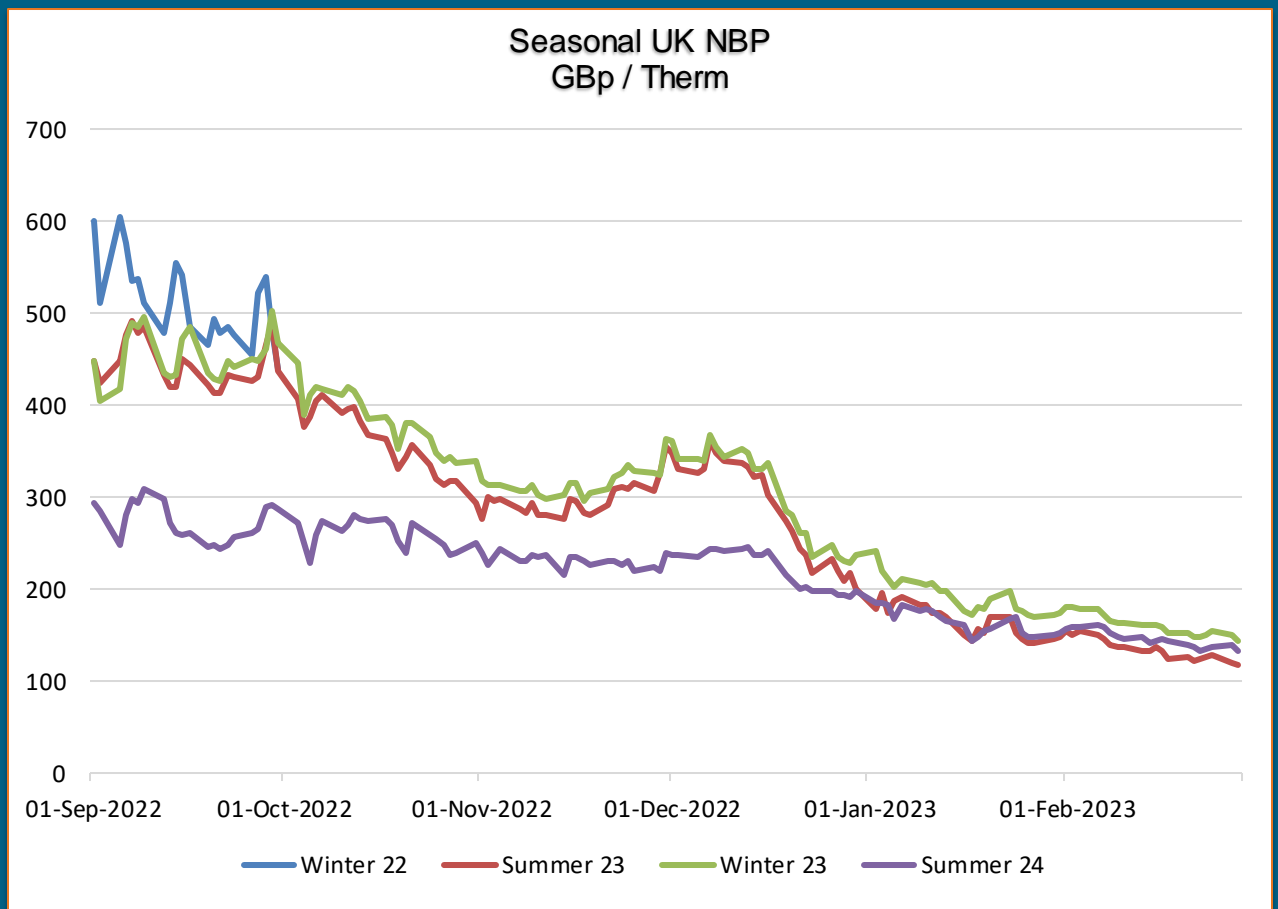
Day ahead prices have traded in a comparatively narrow range through February with little in the way of fundamental change to drive levels of volatility seen through previous months.

Gas stocks remain very close to a five year high for the time of year and analysts predict gas storage in Northwest Europe, Austria and Italy to be at full capacity by mid- September. European storage currently sits at 63%, considerably higher than the 5-year average of 43%. This promising outlook has kept summer '23 prices subdued as pressure is eased on the injection season ready for Winter '23.

LNG flows to Europe remained strong through February bolstered by the return of Freeport LNG and the current muted Asian demand. There are presently two German Floating Storage Regasification Units (FSRU) in commercial operation, with a further one likely to be online in March increasing the continents capacity to accept LNG cargoes.

Colder temperature forecasts seen towards the end of the month did little to impact the market – with the ample storage and LNG flows, described above, protecting prices from reacting.

The International Energy Agency's (IEA) latest report forecasts EU gas demand to drop by 10bcm in 2023 although they have also predicted a tightness in supply as we move through the year and Asian buying interest in LNG increases.



Outlook Drivers

Despite temperatures below seasonal normal forecast for much of March, the fundamental supply position remains strong with a positive outlook for gas storage across North West Europe likely to keep prices subdued.

Bearish signals



- NWE storage forecast to be significantly above 5yr average come summer '23.
- Freeport LNG terminal return bolstering LNG supply. March is expected to see the second highest send out across NWE.
- IEA latest report forecast 10Bcm fall in gas demand in 2023.

Bullish signals

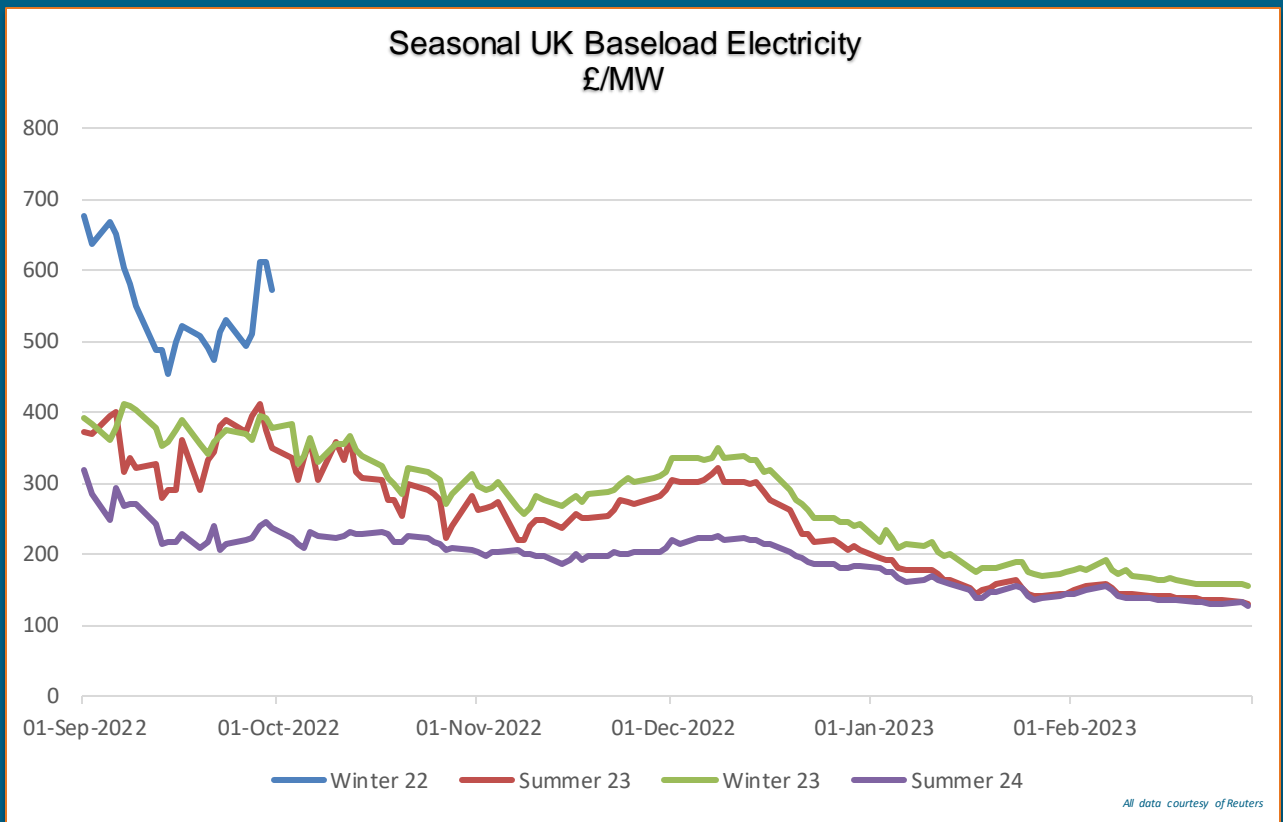


- Cold weather expected through March.
- Softer renewable output in conjunction with lower than forecast output from the French nuclear fleet.
- Asian demand increase which would put pressure on global LNG prices.

Electricity

Electricity seasonal prices continued the downward momentum through February and, like gas prices, experienced a much more stable month overall.

This relative price stability was also echoed in the Day Ahead market as fundamental price drivers remained fairly stable through the month.



Price context

Seasonal prices continued to fall during February, the losses have slowed, but on average still fell 15% through the month.

Elec	End February	Jan Report	End Feb Difference	Peak	End Feb Difference	Mid-Aug	End Feb Difference	Mid-July	End Feb Difference
S-23	129	150	-14%	575	-77%	375	-65%	255	-49%
W-23	171	179	-5%	587	-71%	389	-56%	267	-36%
S-24	127	140	-9%	395	-68%	279	-54%	166	-23%
Gas									
S-23	118	150	-21%	730	-84%	448	-74%	304	-61%
W-23	142	176	-19%	714	-80%	443	-68%	304	-53%
S-24	129	156	-17%	457	-72%	296	-56%	190	-32%



Focusing our energy on yours

***Disclaimer:** The information contained in this document has been prepared in good faith by Ginger Energy and provides our views on current/future trends and outcomes, but, as with all forecasts dependent upon multiple, complex variables, there is no certainty whatsoever that our forecasts will turn out to be correct. The information may be based on licenced 3rd party data, publicly available sources, assumptions, and observable market conditions and may change without notice. No warranty, express or implied, is made as to the accuracy, correctness, fitness for purpose, completeness or adequacy of this information nor is it intended to serve as basis for any procurement decision and as such Ginger Energy shall not accept any responsibility or liability for any action taken, financial or otherwise, as a result of this information. Please note that this email is intended for the recipient only and may not be copied, reproduced, or distributed without the prior consent of Ginger Energy.*

The Cloisters, 12 George Road,
Edgbaston,
Birmingham.
B15 1NP

0345 307 3433
info@gingerenergy.co.uk
www.gingerenergy.co.uk

