Monthly Energy Market Report

April 2023

3rd May 2023

Market Context

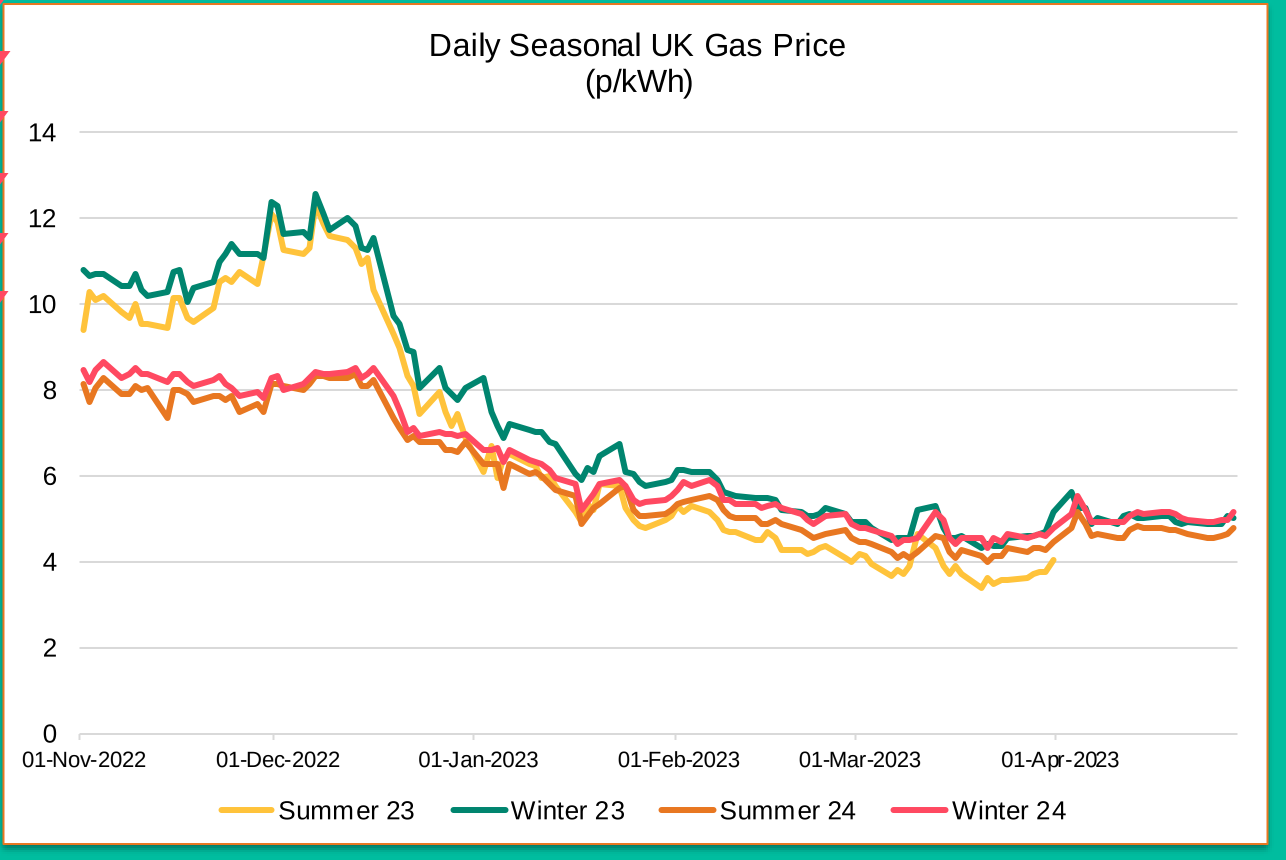
April witnessed Day Ahead and seasonal prices settle somewhat demonstrating little volatility. Small changes in the fundamental outlook resulted in small day-to-day adjustments for the most part. Front season gas prices dropped around 13% in the first few days of the month, retreating from the rise of over 20% witnessed in the final week of March. They finished the month close to the end of March price levels.

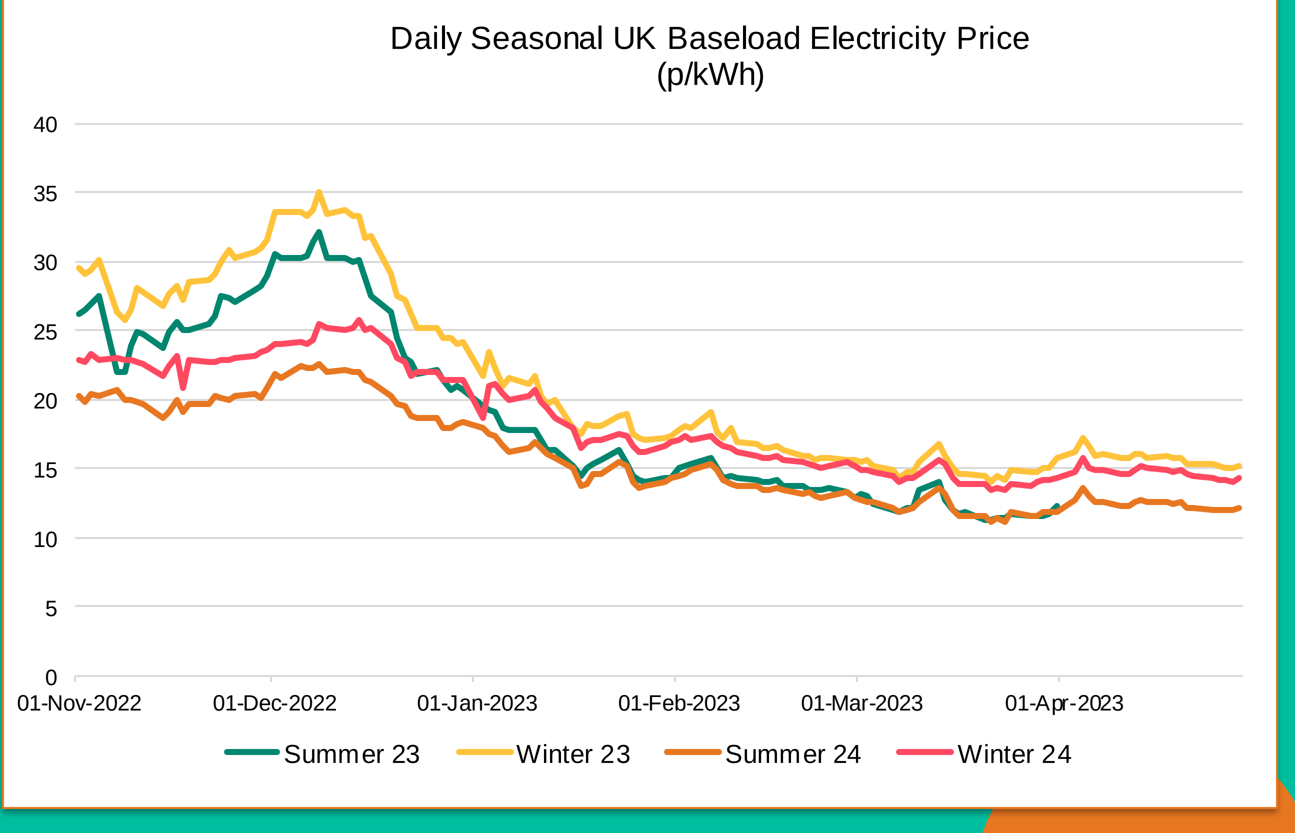
- Prices started the month trending up along with oil prices off the back of the decision announced by OPEC to cut production.
- French strike action failed to significantly impact LNG as cargoes were diverted to UK, Belgium, and Netherlands.
- The forecasted heatwave towards the end of the month never materialized and the UK witnessed some colder than average weather instead.
- Planned and unplanned maintenance in Norway reduced flows but overall fundamentals remained balanced through the month.
- Storage across Europe increased and is approaching 60% and LNG flows remained strong which created a positive start to the injection season.

In other news

- The EU is currently in a dilemma as to whether it legislates on the ban of importing all Russian fossil fuels, including LNG. This would likely create some short term renewed instability in the energy markets as Belgium, France, and Spain have all increased their imports of Russian LNG this past year. The UK has decreased its imports – instead, turning to US LNG.

Seasonal Prices





Price Table

Most prices show a decrease from the end of March, with near team prices showing the most month-on-month reduction. Average front season prices are still around 3x higher than 2019 levels.

	Month End Prices			
	Fuel	Apr-23 (p/kWh)	Mar-23 (p/kWh)	Month-on-Month Difference
Spot Prices	Gas (NBP)	2.99	3.96	-24%
	Power (UK Baseload)	9.53	10.61	-10%
Front Month	Gas (NBP)	2.99	3.96	-25%
	Power (UK Baseload)	9.45	11.80	-20%
Front Season	Gas (NBP)	5.01	5.15	-3%
	Power (UK Baseload)	15.24	15.77	-3%
Annual Price (Oct-23)	Gas (NBP)	4.87	4.53	5%
	Power (UK Baseload)	13.58	13.74	-1%

Historical Comparison	2019 Average Front Season Price (p/kWh)	Todays % Increase
Gas (NBP)	1.64	206%
Power (UK Baseload)	5.10	199%

Outlook

The current outlook is for prices to continue to remain relatively stable throughout May with a balanced supply and demand picture. Clearer signals are likely to emerge as we move through the injection season and the winter 23 fundamental picture becomes clearer.

Bearish signals

- NWE storage forecast to be just shy of records highs by the end of May.
- LNG demand from Asia remains muted and regasification on German floating terminals set to increase month-on-month.
- Continued demand destruction in industrial sectors.

Bullish signals

- Heavy maintenance in Norway through May.
- French nuclear generation cuts due to continue
- Higher gas for power demand assuming normalised windspeed.
- Removal of German nuclear power for the generation mix.

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