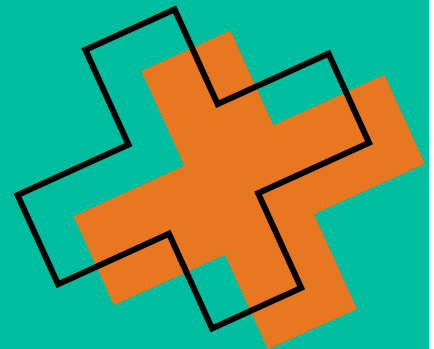




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ENERGY

Monthly Energy Market Report

September 2023



2nd October 2023

Market Context

September saw an end to the strike action at LNG plants in Australia but a heavy Norwegian maintenance schedule, impacting flows to the UK, prevented seasonal markets from losing too much value. Overall though the month did witness downward momentum continuing the theme from 2023 so far.

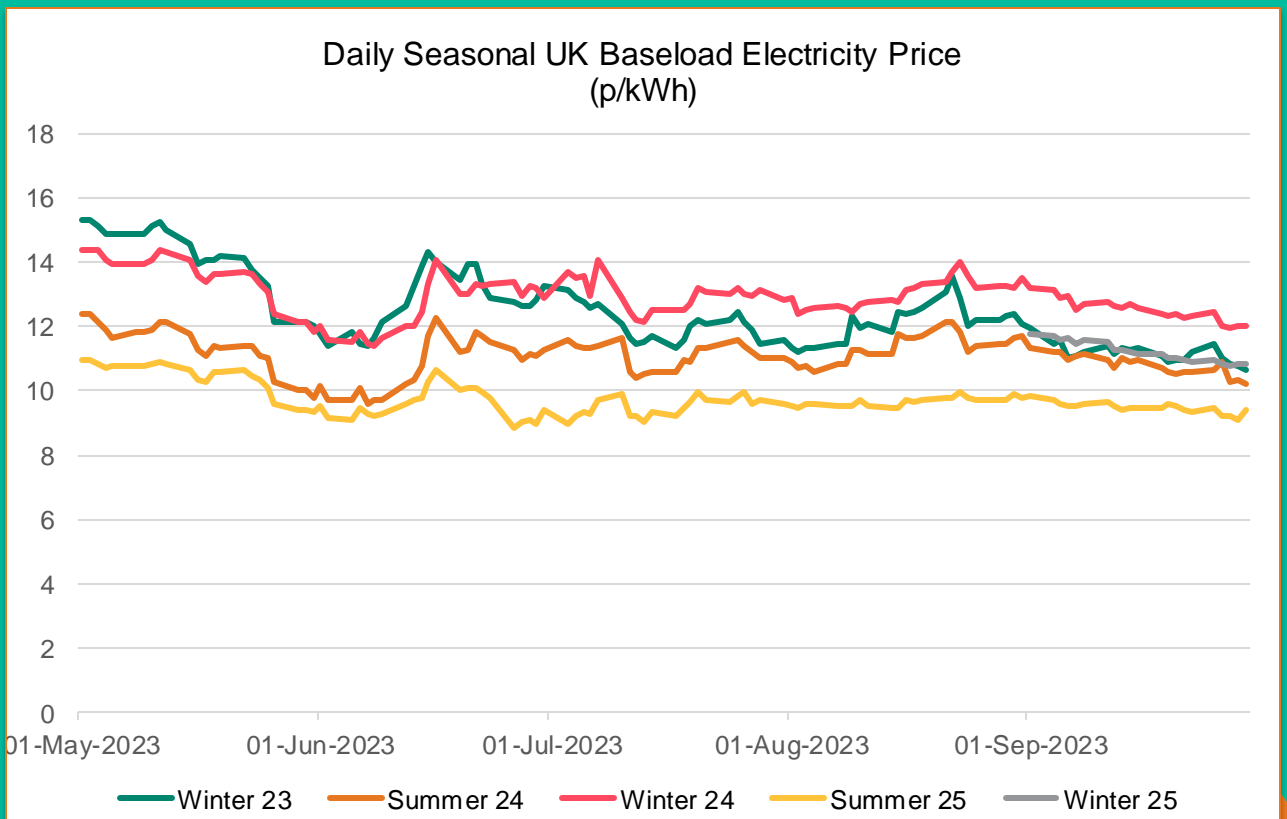
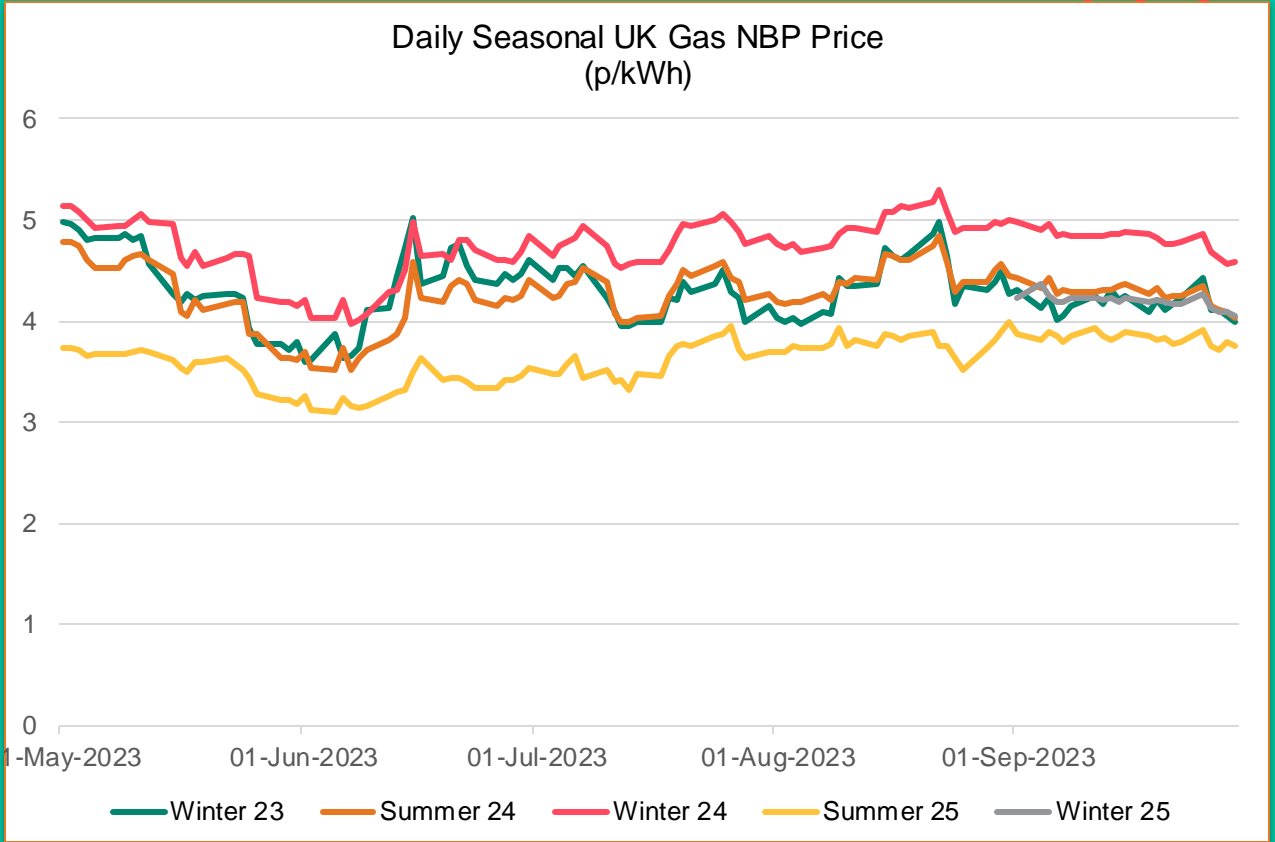
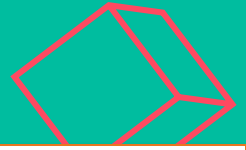
- Chevron had planned to take unions to court to try and force an agreement to prevent further LNG strikes in Australia.
- Prior to the court date Chevron and the unions came to an agreement which halted strike action and removed the need for court action.
- A heavy Norwegian maintenance schedule combined with extensions and unplanned outages created pressure on supply and demand dynamics over the month.
- A short-term issue at Freeport LNG export facility in Texas caused a drop in production which created a moment of panic – but this was short lived as the plant resumed normal operation shortly after.
- Total EU gas storage has passed the 95% mark.

In other news

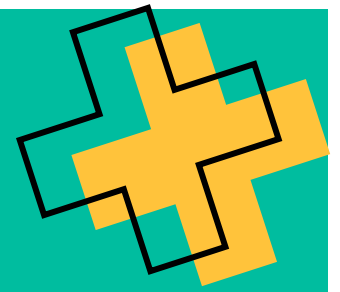
The UK prime minister, Rishi Sunak, announced plans to roll back on several Net Zero commitments previously made by the Conservative government.

Plans to slow down the transition to electric vehicles were amongst a list of items to receive attention. The announcement was met with widespread criticism, especially from car manufacturers who have planned substantial investment in the UK to support with the transition to EV's.

Seasonal Prices



Price Table



Despite some volatility within the month, Front Season prices ended September down for both gas and electricity showing a continuation of the bearish trend we have seen for much of 2023. Front season prices are now just under 2.5x higher than 2019 levels.

		Month End Prices			
		Fuel	Sep-23 (p/kWh)	Aug-23 (p/kWh)	Month-on-Month Difference
Spot Prices	Gas (NBP)		3.23	2.75	18%
	Power (UK Baseload)		8.82	9.11	-3%
Front Month	Gas (NBP)		3.29	2.73	12%
	Power (UK Baseload)		8.70	8.63	1%
Front Season	Gas (NBP)		3.98	4.27	-7%
	Power (UK Baseload)		10.62	12.05	-12%
Annual Price (Oct-23)	Gas (NBP)		4.00	4.32	-8%
	Power (UK Baseload)		10.43	11.88	-12%
Historical Comparison	2019 Average Front Season Price (p/kWh)		% Increase to Sep-23		
	Gas (NBP)	1.64	143%		
	Power (UK Baseload)	5.10	108%		



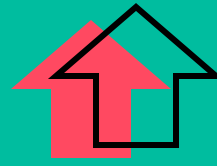
Outlook

The balance of drivers seem to suggest the bearish trend will continue into October; especially as initial forecasts are for a mild start to the winter season. However, now we have entered the winter period, cold weather rears its head as a constant bullish risk factor.



Bearish signals

- NWE gas storage over 95% full.
- Increased LNG arrivals scheduled.
- Above seasonal normal temperatures forecast for first half of October.
- Demand destruction in industrial sector is set to continue.



Bullish signals

- Risk of cold winter weather becomes a factor.
- Growth in Asian LNG demand.
- Unplanned outages or disruption to supply.



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