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ENERGY

# Energy Market Review

April 2024



2<sup>nd</sup> May 2024



# Market Context

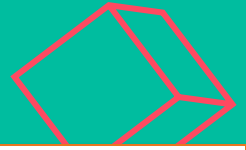
Prices surged up in April due to short-term outages, maintenance, and geopolitical drivers. Attacks on Ukrainian and Russian energy infrastructure and further tensions in the Middle East created unease in the market. Seasonal prices peaked mid-month demonstrating a rise of over 20%. By the end of the month, they had dropped to an increase of just over 10% as tightness of supply and geopolitical tension eased.

- Iran and Israel exchanged missile and drone attacks following an escalation by Israel when they attacked the Iranian consulate in Damascus killing senior Iranian military members.
- The UN have urged restraint on both sides to avoid a wider scale conflict in the Middle East. The geopolitical tension caused the market to rise but the back-and-forth seems to have ended now easing concerns.
- Attacks between Ukraine and Russia targeting energy infrastructure with Nuclear plants in danger caused further tension.
- Nyhamna, a large gas processing plant in Norway, had an unexpected outage and maintenance elsewhere impacted short-term supply.
- Below seasonal average temperatures for a large part of April increased demand exacerbating the supply issues.
- Freeport LNG in the US continues to experience issues which is limiting LNG output.
- Storage across Europe is currently at 61% vs a 5-year average of 47%.

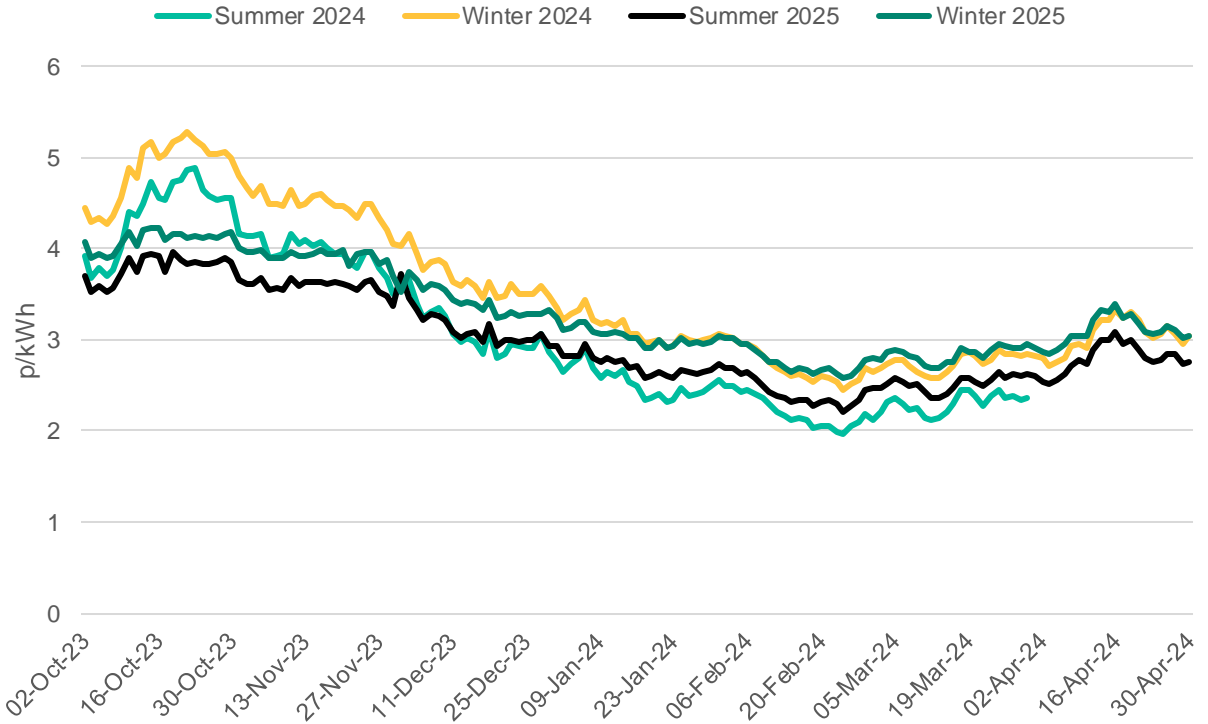
## In other news

Cornwall Insight, the independent energy research, analytics and consulting firm, have said energy prices through to 2027 are anticipated to remain largely level before falling from 2028. Citing a reduction in gas prices reducing due to increased LNG supply and higher marginal cost fossil fuel technologies being replaced by new renewables as being the main drivers pushing prices down longer term.

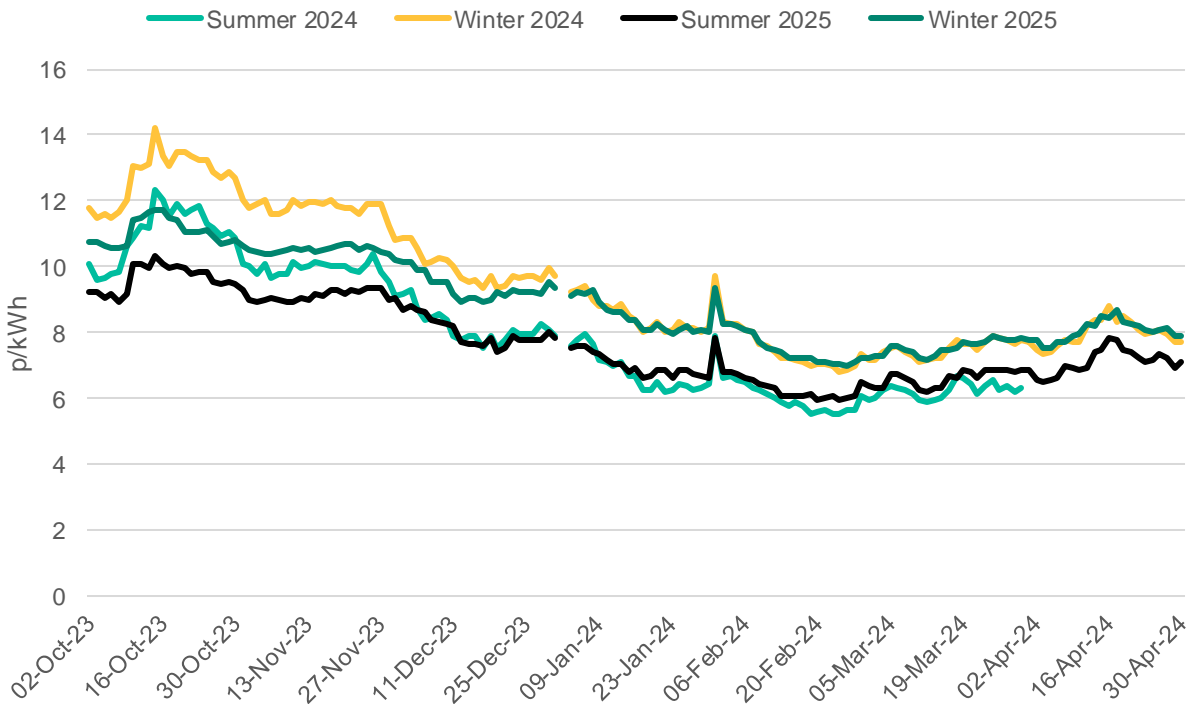
# Seasonal Prices



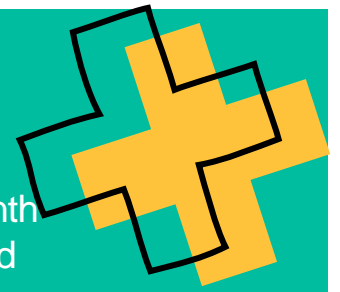
## Daily Seasonal UK Gas Price



## Daily Seasonal UK Baseload Electricity Price



# Price Table



Price were up across the curve through April with front month gas prices rising over 30% before coming back down to end the month just over 15% higher.

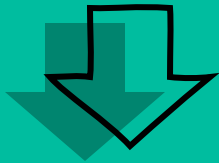
Please note seasonal price comparisons are inflated as the front season has changed from Summer to Winter since the last report and winter prices are generally higher than summer.

Month End Prices				
	Fuel	Apr-24 (p/kWh)	Mar-24 (p/kWh)	Month-on-Month Difference
Spot Prices	Gas (NBP)	2.5	2.34	7%
	Power (UK Baseload)	6.92	5.45	27%
Front Month	Gas (NBP)	2.46	2.36	17%
	Power (UK Baseload)	6.14	6.16	0%
Front Season	Gas (NBP)	3.05	2.37	29%
	Power (UK Baseload)	7.69	6.30	22%
Annual Price (Oct-23)	Gas (NBP)	3.07	2.70	14%
	Power (UK Baseload)	7.42	7.10	5%
Historical Comparison	2019 Average Front Season Price (p/kWh)		% Increase to Apr-24	
	Gas (NBP)	1.64	86%	
	Power (UK Baseload)	5.10	51%	



# Outlook

If geopolitical risk continues to diminish as we saw towards the end of April, the strong fundamental balance presents a bearish outlook for the summer months. However, unplanned outages and further ratcheting up of geopolitical tension in the Middle East or Ukraine will likely have a bullish impact on prices.



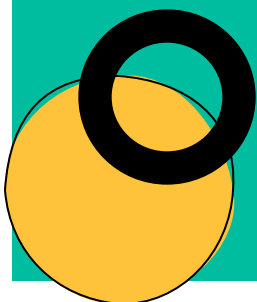
## Bearish signals

- Record high storage stocks for the time of year set to continue.
- Demand destruction across heating demand and industrial sectors continue in line with EU commissions recommendations.
- Muted demand from the power sector expected.



## Bullish signals

- Continuing geopolitical risk of escalation in Middle East or further attacks to energy infrastructure in Ukraine.
- Risk of unplanned outages in Norway and UK continental shelf as there are already several large planned outages for next month.
- Low LNG send out with risk continuing surrounded US exports.






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