



ginger
ENERGY

Energy Market Review

June 2024



2nd July 2024

Market Context

June has been a relatively stable month, especially after the first trading week. The market is struggling to find a direction with a fairly positive fundamentals outlook being slightly offset with high global demand for LNG. Front season gas prices ended the month 1% lower than the end of May and traded within a narrow range for the last 3-weeks of the month.

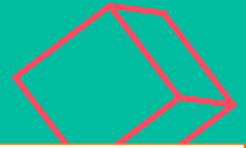
- Outages at large processing plants in Norway early in the month were resolved relatively quickly.
- Warm weather in Asia created increased competition for LNG resulting in limited cargoes reaching Europe through June.
- Attacks by Russia are continuing to threaten Ukrainian energy infrastructure.
- Further EU sanctions on Russia were imposed, as expected, and have had limited impact on market. The sanctions prevent the resale of Russian LNG from European ports rather than restricting Russian LNG use within Europe.
- Cool weather for large parts of June were followed by a short heatwave towards the end of the month.
- Storage across Europe is currently at 76% vs a 5-year average of 67%.

In other news

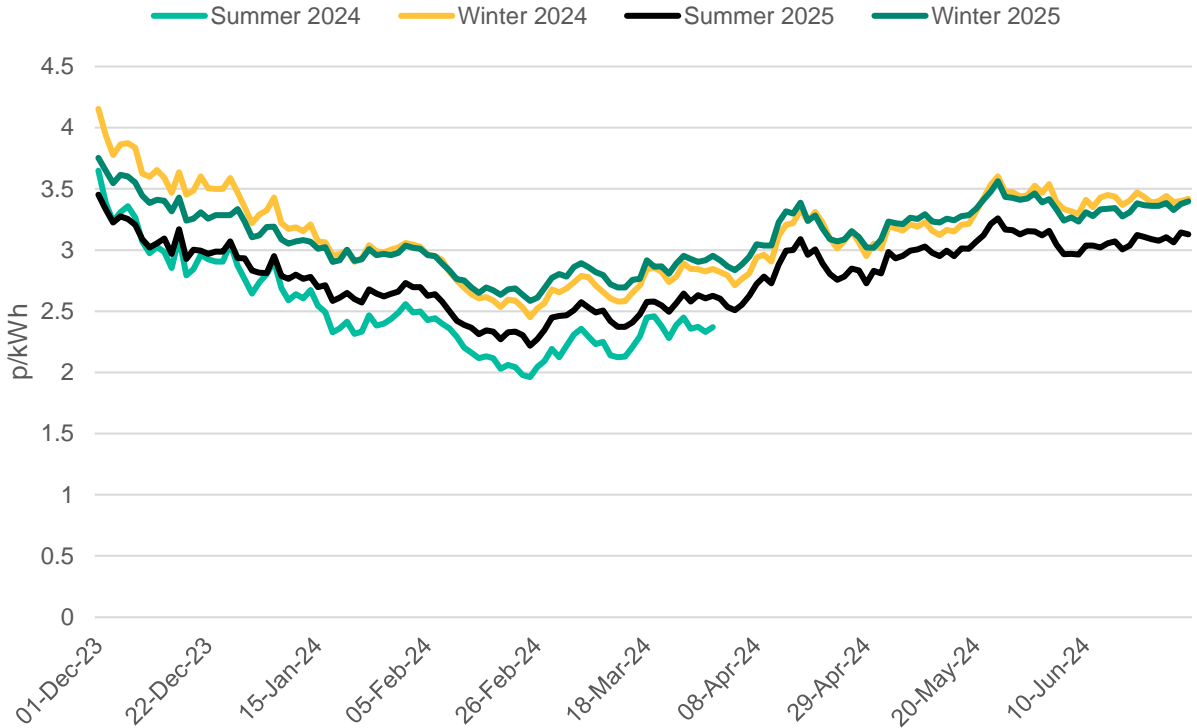
The UK has achieved the status as the first major economy to halve greenhouse gas emissions and tops the global decarbonisation league table.

Drops in electricity emissions have been the main contributor and the reductions have been achieved by the phasing out of coal and increasing renewable generation. The shift away from energy intensive manufacturing in the UK has also caused significant reductions in the industrial sector.

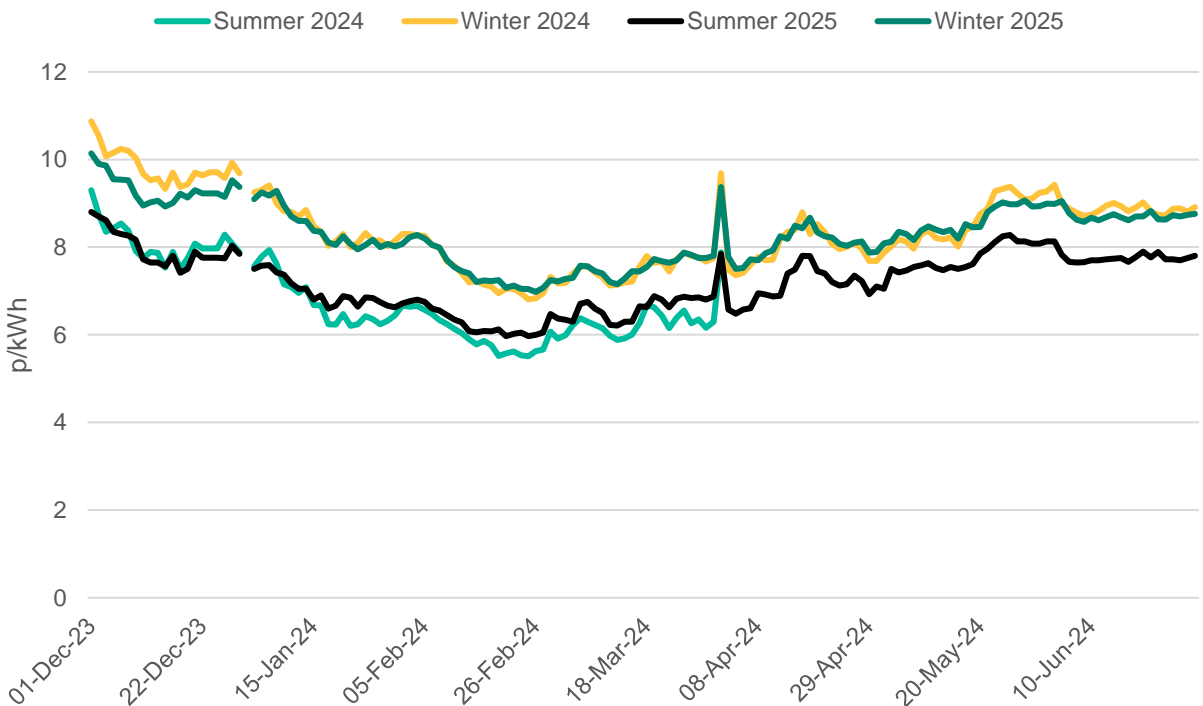
Seasonal Prices



Daily Seasonal UK Gas Price



Daily Seasonal UK Baseload Electricity Price



Price Table



Prices remained fairly level across the curve with most prices seeing marginal losses apart from front month gas and the ever-volatile daily power price. The small changes demonstrate the markets current phase of relative stability.

Month End Prices				
	Fuel	June-24 (p/kWh)	May-24 (p/kWh)	Month-on-Month Difference
Spot Prices	Gas (NBP)	2.72	2.81	-3%
	Power (UK Baseload)	7.52	5.70	32%
Front Month	Gas (NBP)	2.72	2.80	5%
	Power (UK Baseload)	7.26	7.56	-4%
Front Season	Gas (NBP)	3.42	3.47	-1%
	Power (UK Baseload)	8.92	9.27	-4%
Annual Price (Oct-24)	Gas (NBP)	3.33	3.36	-1%
	Power (UK Baseload)	8.41	8.76	-4%
Historical Comparison	2019 Average Front Season Price (p/kWh)		% Increase to June-24	
Gas (NBP)	1.64		109%	
Power (UK Baseload)	5.10		75%	



Outlook

Global geopolitical concerns continue to hang in the air and combined with unforeseen outages at LNG or natural gas processing plants and high global LNG demand, remain the key risks in the market. High storage and low demand continue to drive the overall positive fundamentals outlook.



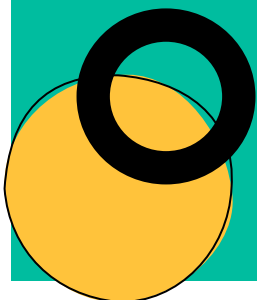
Bearish signals

- Storage close to record levels.
- Soft residential and gas-for-power consumption combined with continued demand destruction in industrial sectors.
- Strong Norwegian output.



Bullish signals


- Unplanned maintenance at LNG terminals which may limit global supply.
- Norwegian maintenance extensions or unplanned events that impact gas flows from Norway.
- Geopolitical landscape in Russian/Ukraine and the Middle East.





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A series of five teal arrows pointing to the right, arranged in a slightly overlapping, horizontal line.

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