



**ginger**  
ENERGY

# Energy Market Review

October 2024



5<sup>th</sup> November 2024

# Market Context

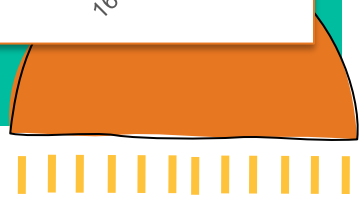
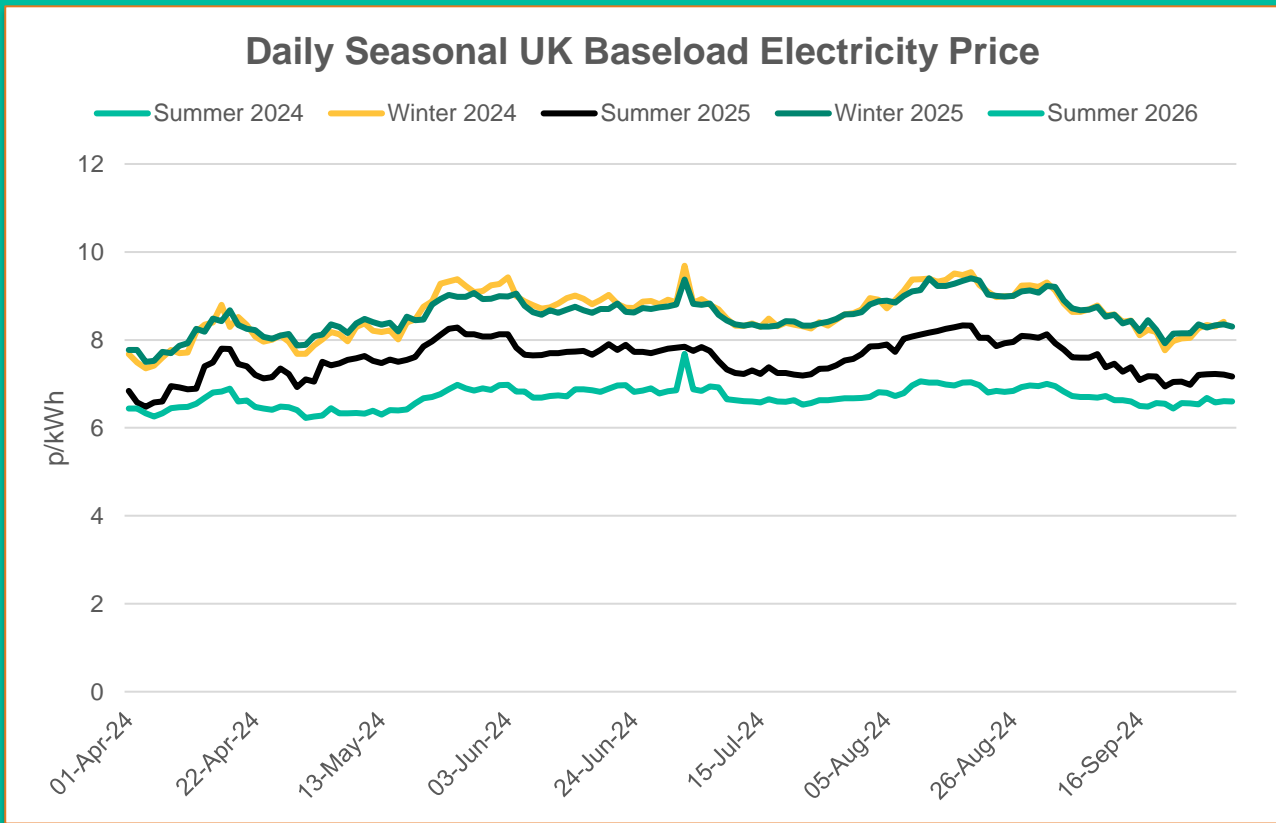
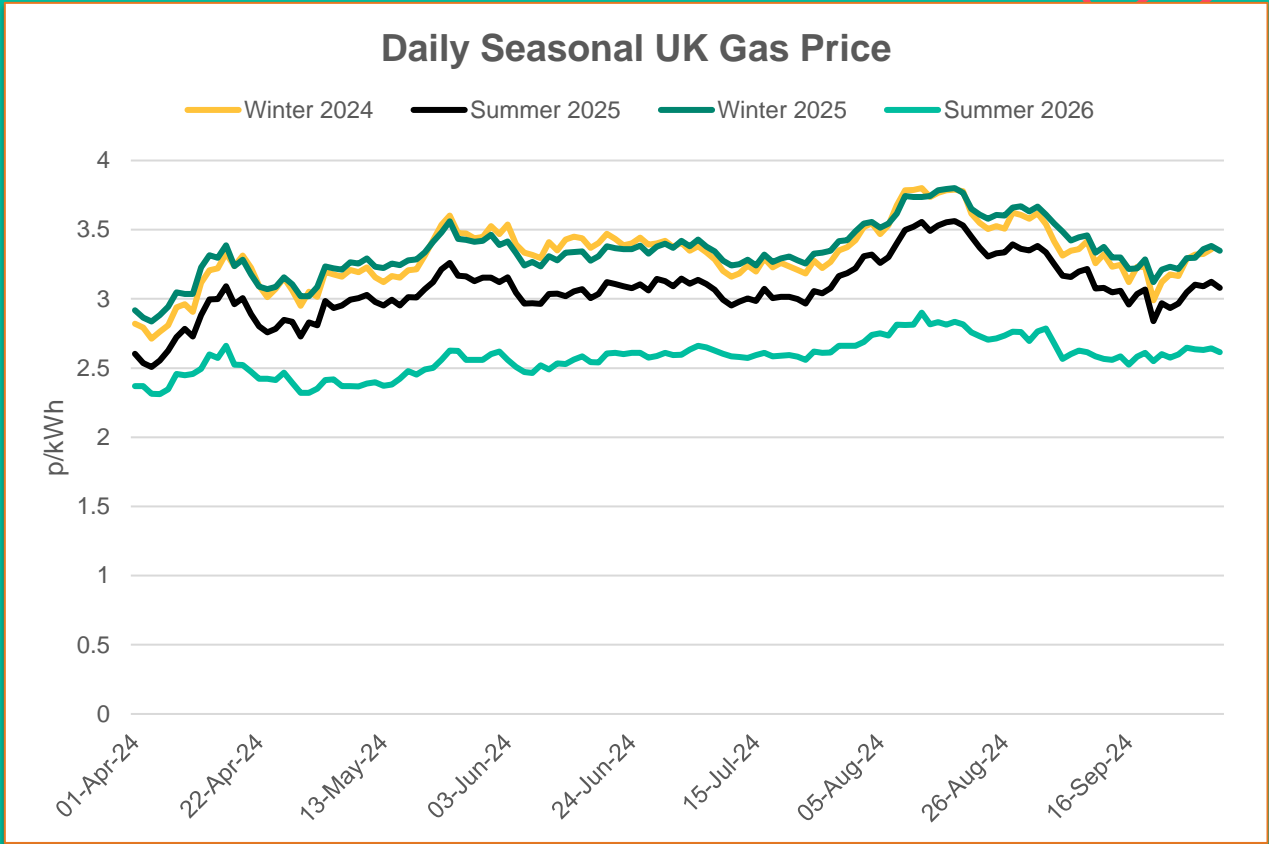
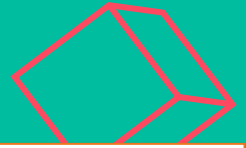
Geopolitics and threats to global oil and gas infrastructure, due to the ongoing conflicts, continued to drive much of the long-term market movement. Throughout the month prices yo-yoed rising over 10% by the 25<sup>th</sup> before retracing some of those gains to close the month around 5% up on the end of September.

- Middle East tensions continued to escalate with Israel continuing offensives in Gaza and Lebanon whilst also exchanging attacks with Iran.
- Israel confirmed the death of Hamas leader Yahya Sinwar. Despite it being described as Israel's biggest victory so far in the fight against Hamas, Benjamin Netanyahu has warned that the war is not over yet.
- Oil prices were volatile as the risks of Israel attacking energy infrastructure was present, however, missile attacks launched into Iran so far have avoided damage to any critical energy locations.
- The Ukrainian Prime Minister confirmed that the gas transit deal with Russia will not be extended into 2025, however, towards the end of the month reports that an agreement between Azerbaijan and Ukraine had been arranged to replace the Russian flows. An official announcement is yet to be released but the rumours provided bearish pressure for the market.
- Storage remained healthy, closing the month around 96% full thanks to mild weather throughout most of October.

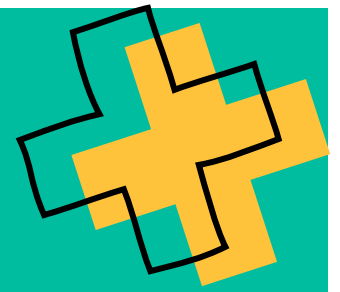
## In other news

**Clean Energy Investment Surge:** The UK government recently announced over £24 billion in private investments aimed at accelerating clean energy projects. Key initiatives include Ørsted's expanded offshore wind plans and Iberdrola's doubled UK investment, among others. This influx of funding is expected to stimulate green jobs across the nation, including in regions like Teesside and Suffolk

# Seasonal Prices



# Price Table



Prompt and Front month contracts rose substantially from the end of September to the end of October indicating the beginning of the heating season where weather becomes an important price driver. Seasonal prices fluctuated across the month but ended up around 5%\*.

*\*the below front season prices don't correlate as the front season has moved from Winter to Summer.*

Month End Prices				
	Fuel	Oct-24 (p/kWh)	Sep-24 (p/kWh)	Month-on-Month Difference
Spot Prices	Gas (NBP)	3.36	3.16	6%
	Power (UK Baseload)	9.01	7.18	26%
Front Month	Gas (NBP)	3.44	3.18	31%
	Power (UK Baseload)	8.85	7.68	15%
Front Season	Gas (NBP)	3.28	3.36	-2%
	Power (UK Baseload)	7.46	8.41	-11%
Annual Price (Oct-24)	Gas (NBP)	3.40	3.29	3%
	Power (UK Baseload)	7.94	7.87	1%
Historical Comparison	2019 Average Front Season Price (p/kWh)		% Increase to Oct-24	
	Gas (NBP)	1.64	100%	
	Power (UK Baseload)	5.10	46%	



# Outlook

As we are now in the winter season weather and weather forecasts will start to influence price direction more and more. Geopolitical risks remain in play in both the Middle East and Ukraine/Russia. Demand is still looking likely to be subdued unless cold weather pushes up residential demand. All-in-all risks are slightly skewed towards the upside despite continued strong storage across Europe. Confirmation of a transit agreement between Ukraine and Azerbaijan could provide grounds for a bearish move.



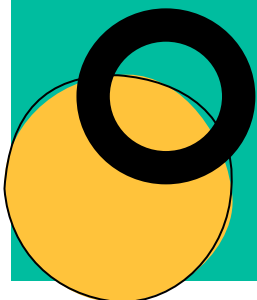
## Bearish signals

- Entering winter with strong storage.
- Subdued power sector demand.
- Suggestion of slow Eurozone manufacturing recovery.
- Agreement of new transit agreement in Ukraine.



## Bullish signals


- Potential cold weather increasing residential heating demand.
- Unexpected infrastructure damage or unplanned maintenance.
- Geopolitical uncertainty.





# Focusing our energy on yours

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