

Headlines 10/01/2019

Most power and gas contracts fell this week, with the day-ahead contracts as the exceptions. Day-ahead gas rose 2.1% to 29.35p/th, following an increase in Brent crude oil and Asian spot LNG prices, despite mild weather in the UK this week. Day-ahead power rose 6.3% to £36.15/MWh, with wind generation dropping midweek to leave a shortfall of supply. February 20 gas was down 3.0% at 31.06p/th, and March 20 gas decreased 3.3% to 30.56p/th. Most seasonal gas contracts increased last week, up by 0.4% on average, but summer 20 and winter 20 gas dropped 0.7% and 0.2% respectively, subsiding to 29.80p/th and 43.57p/th. Most seasonal power contracts declined this week, down on average by 0.6%, as summer 20 power decreased 1.8% to £38.70/MWh, while winter 20 fell 1.0% to £48.70/MWh. Brent crude oil fell by 0.2% to \$67.45/bl as global tensions meant that oil was trading above \$69/bl on Monday, but ended the week bearishly at below \$66/bl. EU ETS carbon slipped by 3.8% to €24.51/t as prices wavered below €25/t in an uncertain week for the global economy. API 2 coal climbed by 1.0% to \$57.40/t in the first weekly increase for coal prices since early October.

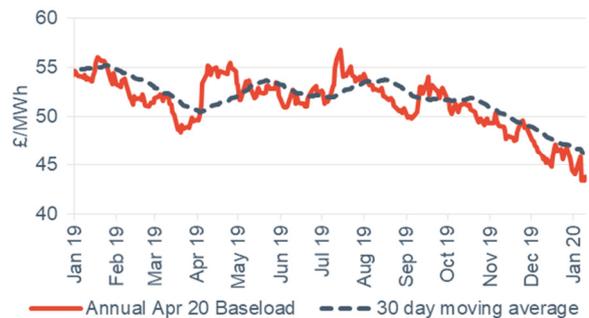
Baseload electricity

- Day-ahead power rose 6.3% to £36.15/MWh, following a drop in wind generation midweek
- February 20 power slipped 3.4% at £40.00/MWh and March 20 power decreased 3.4% to £39.00/MWh
- Q220 power moved 2.7% lower to £38.50/MWh.
- The Annual April 20 contract lost 1.4% to £43.70/MWh, 19.0% lower than the same time last year (£53.93/MWh)

Forward curve comparison



Annual April contract



Peak electricity

- Day-ahead peak power was down 1.9% to £41.25/MWh, £5.10/MWh above its baseload electricity counterpart
- February 20 peak power declined 3.2% at £45.20/MWh, and March 20 peak power decreased 3.2% to £43.00/MWh
- The Annual April 20 peak power lost 1.4% to 49.28/MWh
- This is 19.1% lower than the same time last year (£60.90/MWh).

Forward curve comparison

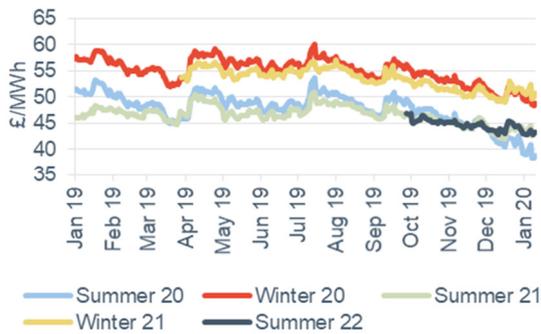


Annual April contract



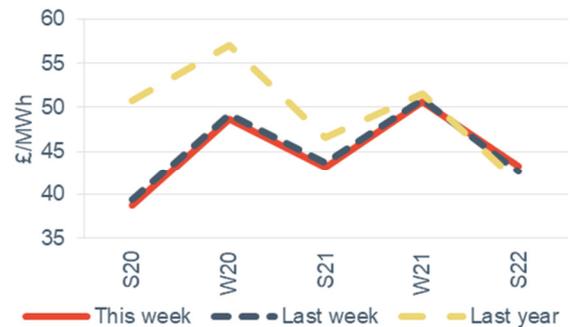
Seasonal power prices

Seasonal baseload power contracts



- Most seasonal power contracts declined last week, down on average by 0.6%
- Summer 20 power decreased 1.8% to £38.70/MWh, while winter 20 fell 1.0% to £48.70/MWh

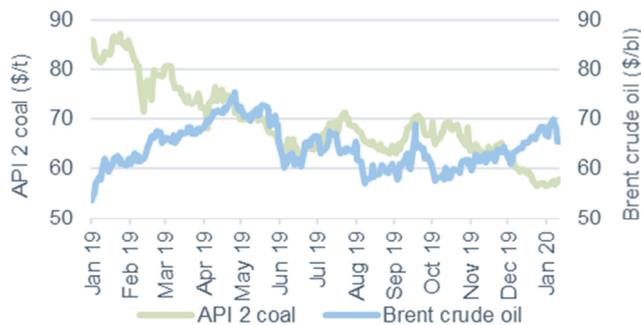
Seasonal baseload power curve



- Most seasonal peak power contracts declined this week, down 0.5% on average
- Summer 20 and winter 20 peak power dropped 2.1% and 0.9% respectively, falling to £42.75/MWh and £55.80/MWh

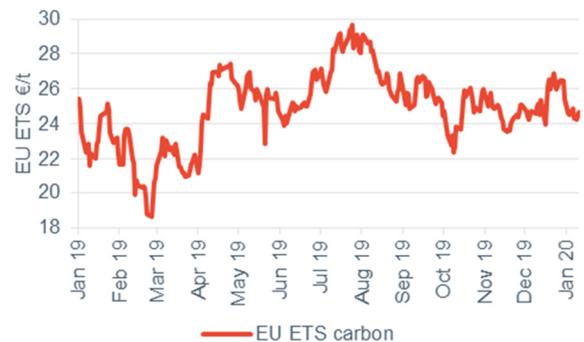
Commodity price movements

Oil and coal



- Brent crude oil fell by 0.2% to \$67.45/bl
- Oil began the week trading at \$69.75/bl, with investors remaining cautious on how escalations in the Middle East could disrupt oil supply. Prices remained above \$68/bl on 8 January as Iran struck two US military bases in Iraq, before falling below \$66/bl on 9 January on the apparent de-escalations in tensions by the US and Iran
- Price falls were extended by high US crude inventories, which reported an increase last week
- API 2 coal increased 1.0% to average \$57.40/t, the first weekly rise since early October 2019. More generally, coal prices continue to be suppressed as oversupply in LNG incentivises greater coal-to-gas switching across Europe

Carbon



- EU ETS carbon lost a further 3.8% to average €24.51/t
- Prices wavered below €25/t in an uncertain week for the global economy
- EU ETS prices climbed found midweek support on strong auction turnout although this was offset by the lowering in global tensions, where similarly to oil, prices dropped on 9 January

Supplier tariff movements

In October, 15 suppliers reduced the price of their cheapest available tariff, while four suppliers increased the price of their cheapest available tariff. Utility Point launched its Just Up Wk41 Direct tariff in October which was priced £145/year lower than its Up & Save Winter 19 tariff. Robin Hood Energy removed its 2 Year Green Peace of Mind v2 tariff in October which was priced at £1,016/year on average, increasing the price of its cheapest available tariff by £152/year to £1,168/year on average.

Wholesale price snapshot

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
This week	10 Jan 20	29.35	36.69	36.15	43.70	57.90	24.64	65.39
Last week	3 Jan 20	28.75	36.84	34.00	44.30	56.75	24.52	68.61
Four weeks ago	13 Dec 19	32.50	38.66	42.10	45.56	59.70	25.33	65.03
Last year	11 Jan 19	59.30	54.26	62.40	53.93	83.50	22.33	62.06
Year-on-year % change		-50.5%	-32.4%	-42.1%	-19.0%	-30.7%	10.3%	5.4%
12-month high		62.50	55.73	73.00	56.79	87.25	29.66	75.54
12-month low		19.30	36.34	29.25	43.35	56.60	18.60	57.09

This table shows the prices last week compared with prices from the previous week, month and year. The graphs show the position of last week's prices with a red X and the range of prices over the year is represented by the black line.

