week on week marketview

ecagroup

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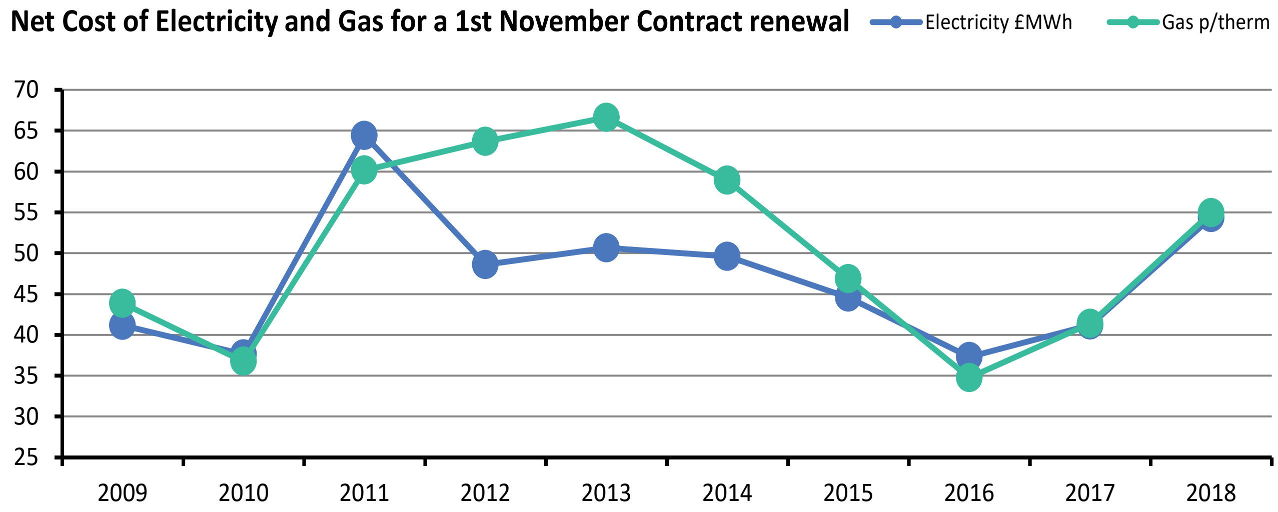

Electricity: base load cost - excludes distribution, taxation and supplier margin and costs

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
41.15	37.63	64.40	46.50	51.40	46.42	44.02	43.78	42.65	56.04

Gas: core gas cost - excludes distribution, taxation and supplier margin and costs

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
43.84	36.75	60.17	60.76	68.48	53.67	45.73	42.50	41.53	58.04

Week commencing 16th July 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	$75.27	59.35	£57.07	$102.55	-0.5
End	$72.86	58.57	£57.45	$98.55	-1.2

Prompt NBP contracts saw volatile trading in a tight window last week, with prices remaining strong due to continued high interconnector exports and gas-to-power demand. Curve contracts all fell, with bearishness feeding through from the oil and coal markets. Losses were limited however, as support came from a sharp drop in the value of the pound against the Euro. The pound has struggled recently, falling by 1.1% against the Euro in the last week. Low renewable generation kept the prompt Power contract elevated over the week, with the day-ahead contract reaching a high of £59.36/MWh on Tuesday. The UK has seen extremely low wind output over the past few weeks. Low renewable output is expected to continue until August, with premium being added to the week-ahead contract as a result. The near curve posted gains, potentially as support fed through from a bullish carbon market. This sentiment did not seem to flow through to the far curve, with contracts following the NBP gas market down.

Week commencing 9th July 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	$76.97	59.46	£57.38	$100.45	-0.2
End	$75.27	59.35	£57.07	$102.55	-0.5

Higher than average demand from the grid and a higher gas to power demand due to low renewable generation at the end of last week supported prompt NBP prices. Curve contracts generally lost value seemingly due to bearishness sentiment from the oil market flowing through. The Day-ahead Power contract closed higher than a week earlier. Prices were supported at the end of the week by forecasts for lower power generation from renewables and unit 1 at Heysham being taken offline. Curve contracts all largely gained value, with clean spark spreads largely observed to increase

Week commencing 2nd July 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	$79.23	58.88	£56.63	$98.60	-0.5
End	$76.97	59.46	£57.38	$100.45	-0.2

The NBP day-ahead price rose week on week, the increase was primarily driven by higher offtake from CCGT power stations and the return of the IUK interconnector. The front-month contract also moved higher likely due to higher demand for storage injections and the market pricing in maintenance on the Forties Pipeline System which is scheduled to take place in August. Prompt power prices moved higher week on week, Bullish price movement has been driven by low wind generation, which dropped off significantly after Monday. The reduction in wind more than offset declining transmission system demand which was likely due to increased output from embedded solar generation. The front-month August '18 contract tracked natural gas higher, as did curve contracts

Week commencing 25th June 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	$74.66	57.37	£55.51	$94.45	-2.5
End	$79.23	58.88	£56.63	$98.60	-0.5

The NBP prompt market gained value last week spurred on by the expected rise in demand as a result of the return of the IUK interconnector following annual maintenance on Thursday. Exports across the pipeline had been reduced to zero during the two week maintenance period and expectations were that flows would ramp up to near full capacity soon after the return of operational capacity. The prompt handed back some of its gains during the final session of the week amid expectations of improved Norwegian supply during the week ahead following the conclusion of a number of planned maintenance events at infrastructures over the weekend. Brent Crude futures climbed by around 5% week-on-week as concerns over Libyan and Venezuelan production and US sanctions on Iran outweighed confirmation that Saudi Arabia and Russia would be ramping up production.