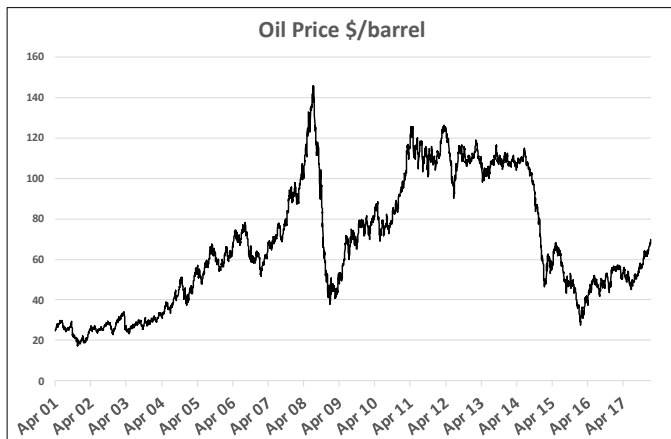


# Energy Market Snapshot

12th January 2018

## Oil:



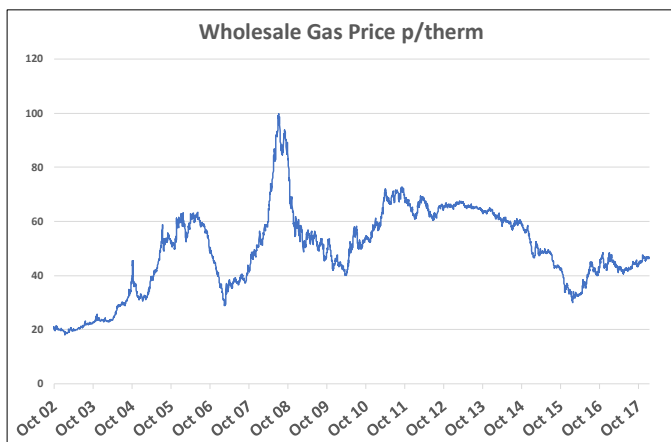
It was a bullish start to the week for Oil with front month Brent settling on Monday at \$67.68/barrel. Prices rose despite market participants being divided between those "physical traders" that believe prices will fall as US Shale production continues to increase versus speculators that believe prices will continue to increase as the physical market tightens with OPEC and non-OPEC countries extending a production cut.

Prices strengthened on Tuesday and Wednesday thanks to the API and EIA reports, which both showed a drawdown in stocks.

The bull run continued into Thursday's session, prices continued to be directed by the bullish stock reports. The EIA also stated that US Production fell by nearly 290,000 barrels per day despite market participants expecting otherwise.

Last night, front month Brent closed at \$69.82/barrel, up \$2.37/barrel compared to last Friday.

## Gas:

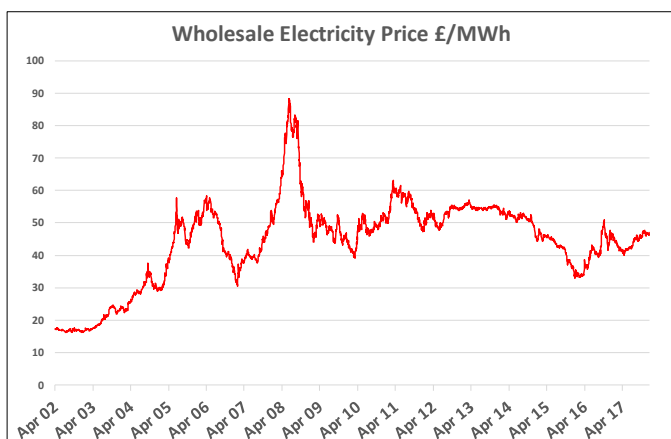


Prompt prices were bullish on Monday as demand forecasts were revised upwards. Rising prompt prices pressured the near curve higher, whilst longer dated contracts were initially directed higher by the wider fuel complex. However, later in the afternoon most curve contracts lost their earlier gains as Sterling rose against the Euro.

All contracts posted gains on Tuesday as demand increased thanks to a fall in wind generation leading to higher demand for generation. Near-term contracts were led by the prompt, whilst soaring Oil prices directed curve NBP prices.

An oversupplied system led to some relief for prompt prices on Wednesday whilst curve contracts continued their upward climb. Most prices closed flat on Thursday although all contracts closed higher than last Friday. Feb 18 gained 1.63p/therm whilst Q1 2019 closed just over a penny a therm higher.

## Electricity:



Day Ahead prices eased on Monday as EDF's nuclear Hunterston B Unit returned to production earlier than scheduled. Curve contracts however moved in line with their Gas counterparts.

Bullish Oil and Gas prices directed Power prices higher throughout Tuesday and Wednesday's sessions. Lower Wind generation also contributed to the gains seen on the prompt.

Prices continued to strengthen on Thursday although gains were not as noticeable as those seen earlier in the week.

Last night, all contracts closed higher than last Friday. Summer 18 gained £0.55/MWh whilst Winter 18 gained £0.90/MWh.