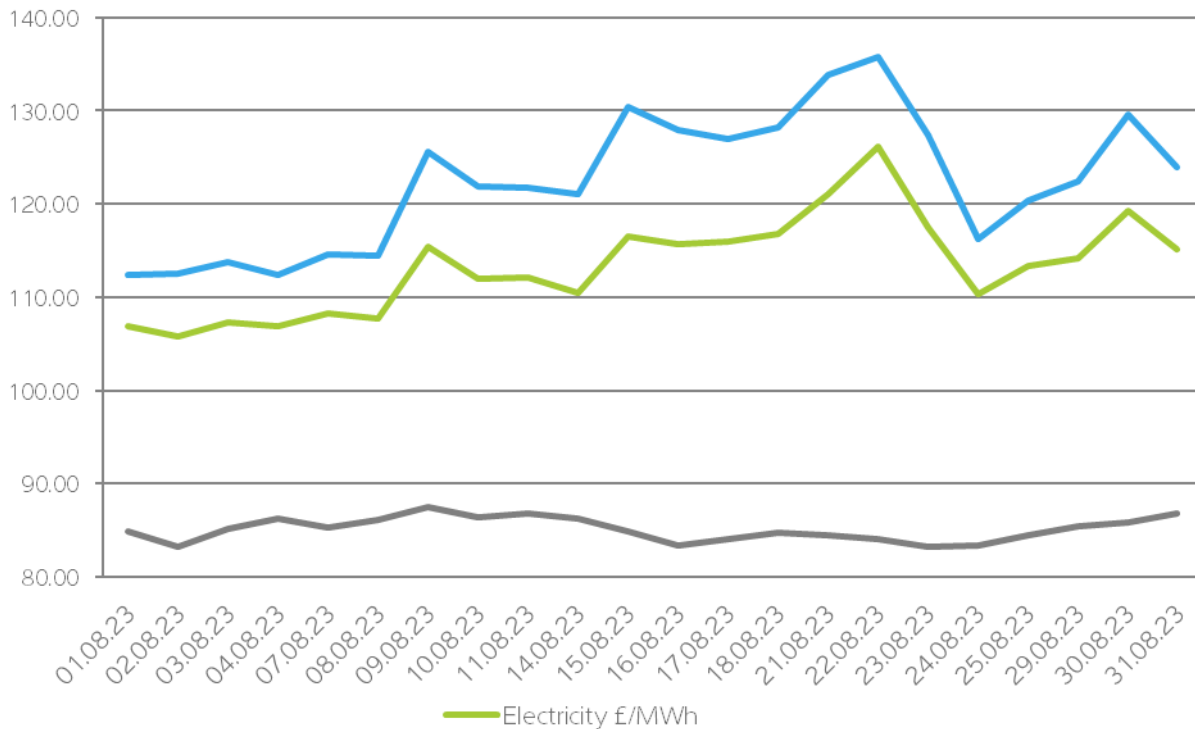


# Monthly Market Update

August 2023

## UK Wholesale Energy Prices



Electricity and gas prices ultimately gained in value over the course of August however it wasn't all one way traffic with a few consecutive days of losses limiting the upward momentum that we saw during the month.

The first half of the month was bullish with much of the focus on the potential for strike action for workers at key Australian LNG facilities which account for around 10% of global supply, this announcement saw UK front month gas prices rise by 28% in a single day. We also saw prices rise on the back of extreme temperatures seen in Southern Europe which significantly increased demand for cooling and this also meant that EDF had to potentially restrict output with their French nuclear fleet.

However as you can see on the graph the latter half of the month saw losses but these were not enough to offset the upward momentum that we saw earlier in August. Prices fell on the back of a return to seasonal normal temperatures across Europe as well as an improving French nuclear outlook. The markets seemed to shrug off the potential impact on supply in regards to the strikes over in Australia, and this comes at a time when some strikes are definitely confirmed to be going ahead, but this just tells us that the initial fears were just overhyped with the impact far less severe than originally thought.

It's also worth mentioning that a major gas storage milestone has now been reached with EU stocks rising above the 90% fullness target, a full 2 months ahead of schedule. This has contributed to the losses we have seen over the last couple of weeks due to the fact that traders will have more confidence that both the UK/EU are well prepared for a cold spell this winter. It also means that injections into storage and exports to mainland Europe have been greatly reduced which helps the current supply/demand picture.