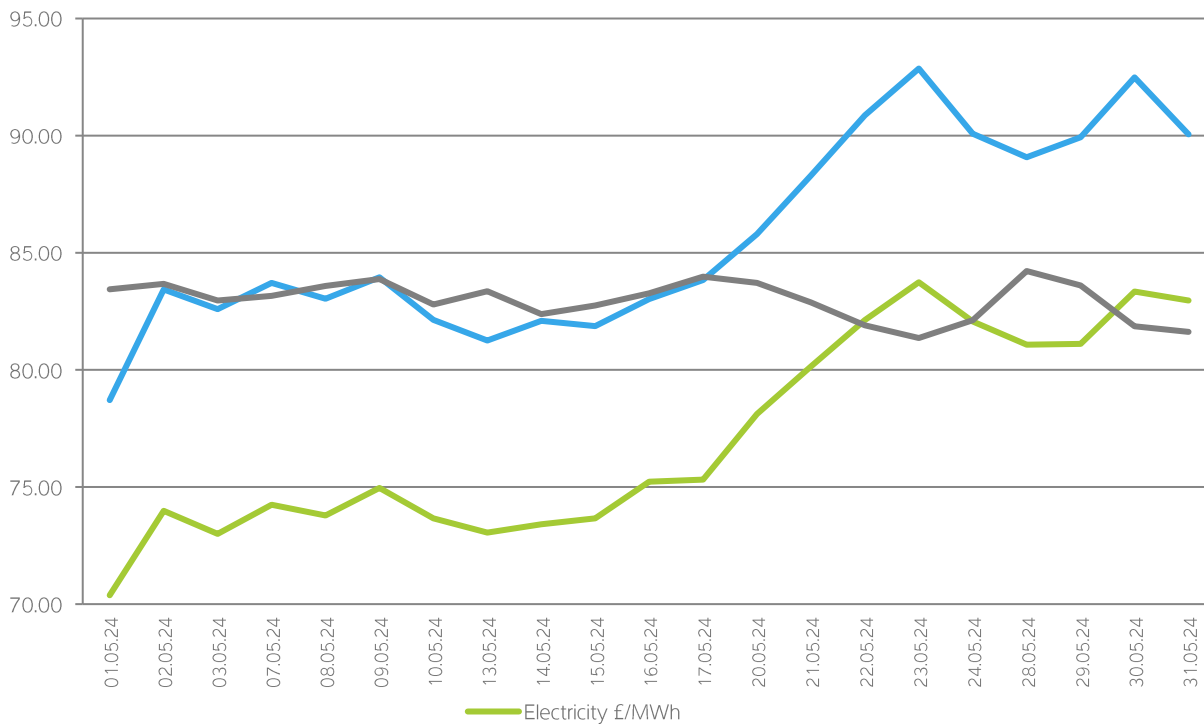


# Monthly Market Update

May 2024

### UK Wholesale Energy Prices



The month of May was a bullish one for electricity and gas prices however the price per barrel for Brent Crude oil was relatively stable throughout. The bull run for electricity and gas prices ran out of steam somewhat for the last week of the month but ultimately both commodities ended up at higher levels than where they started which is a trend that we have seen since the back end of February.

The front season, Winter 24, saw the biggest gains with the gas contract rising from 88.35p/th to 100.94p/th (14% increase) and the electricity contract rising from £78.71/MWh to £92.09/MWh (17% increase).

Prices were driven upwards by a number of different factors including ongoing conflicts between Ukraine and Russia as well as unrest over in the Middle East. We also saw a continuation of low LNG imports to UK shores on the back of heightened competition from Asian markets as well as reports that water levels at the Panama Canal were due to return to normal levels by mid-June meaning further vessels were predicted to head towards Asia instead of Europe.

The UK supply/demand dynamic was hindered quite considerably at the back end of the month due to unplanned/extended outages to key Norwegian gas facilities and this would have also added bullish momentum to electricity and gas prices. In the last week or so we have seen a massive outage at Norway's Nyhamna facility which removed almost 80mcm/d of export capacity however this outage is due to be rectified in the coming days. But this will have reminded market participants just how vulnerable the UK/EU are to outages such as these due to the ever-increasing reliance on imports from countries such as Norway on the back of dwindling gas flows from Russia.

Today it is reported that UK/EU aggregated storage currently sits at 70.8% full which is well above the 5-year average for the time of year, and it means that we could potentially see storage reach 90-100% full by the end of August. These high levels of storage are definitely putting a lid on the higher prices we have seen lately as we should be well stocked for the coming winter period.