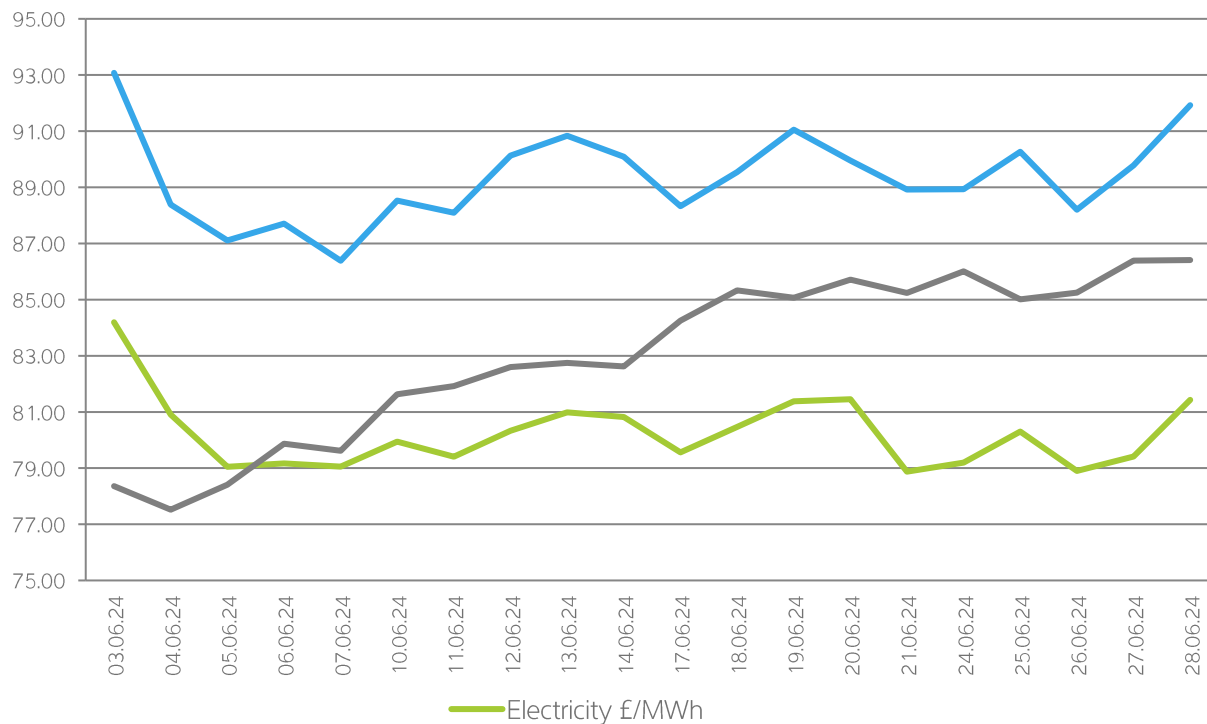


Monthly Market Update

June 2024

UK Wholesale Energy Prices



After an initial drop in price over the first few days of June prices then traded within a narrow range for the rest of the month before picking back up again towards the close. Overall, the losses at the start of the month were enough to ensure that prices closed at a slightly lower point than where they started for the month of June.

The losses we saw at the start of the month were due to news of a swift conclusion to the severe outages at Norway's Sleipner Field and Nyhamna processing facility that we touched on last month. Some had initially feared that these outages would take weeks to rectify but news broke that they would be rectified on 7th June which stripped risk premium back out of prices.

Prices then traded within a narrow range for most of the month with both bearish and bullish drivers battling it out but ultimately struggling to give the market any clear direction. A combination of Norwegian outage resolutions as well as extremely healthy storage levels for the time of year and a better inbound LNG outlook will have counteracted the ongoing unrest in both the Middle East and Ukraine/Russia during the month of June. Gas storage in particular is still looking really healthy at the moment as average daily injections are adding roughly 0.3% meaning fullness currently sits at 77.6%, which is 10% above seasonal norms.

The upward momentum we saw at the end of the month was driven by process issues at the UK's Barrow North Terminal and Cygnus Field which removed 9.77mcm of gas supply. This also coincided with forecasts for cooler temperatures into July as well as a higher oil price on the back of escalating tensions in the Middle East.