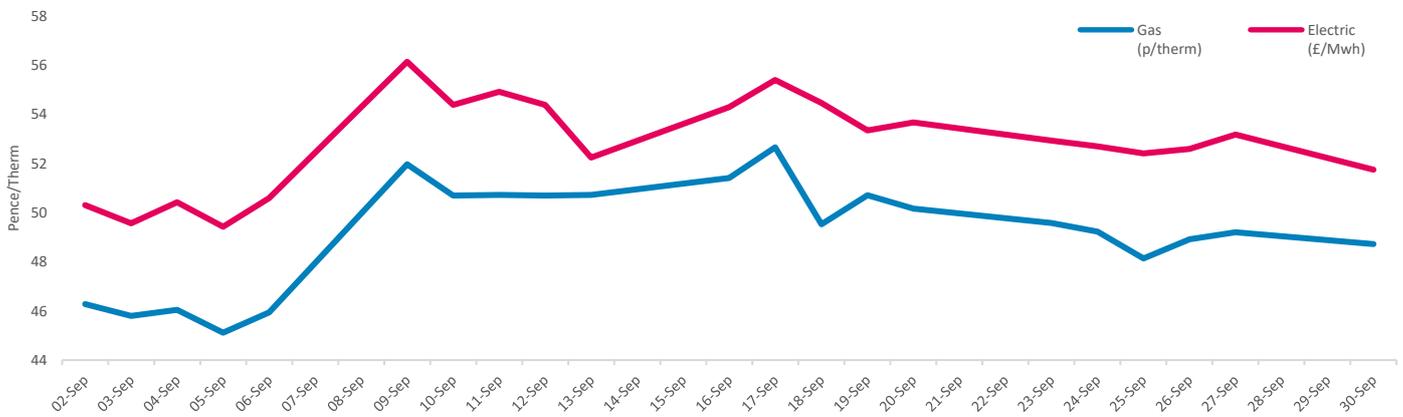


ENERGY MARKET UPDATE September 2019

Year Ahead Wholesale Gas and Electricity Price



September began with a continuing of the bearish markets that have been seen in recent months. However, this was short lived as bullish sentiments gripped the market.

A significant spike that can be seen on the 9th September was caused by concerns surrounding French Nuclear power. News was announced that claimed some anomalous results have been found on some nuclear reactor components, instilling fears of reactor shutdowns into the market and sending prices climbing sharply.

The market was also supported by an announcement that Russian supply into Europe via the Opal pipeline will be significantly reduced. A German court ordered the operators of the Opal pipeline to immediately stop the auctioning of 15.9 million Kwh/h, this drop in supply further compounded the bullish sentiments and saw prices climb.

There was also news that the Groningen Gas facility in Norway will be closing 8 years earlier than expected in 2022. This

closure threatened long term supply and furthered the bullish sentiments in the market.

Following a period of bullish behavior, the market returned to bearish as the previously mentioned bullish factors were priced into the market and strong market fundamentals took over. The bearish sentiments were also supported by EDF announcing that no nuclear reactors would need to be closed following the concerns earlier in the month.

Brent Crude Oil

Brent Crude oil saw a volatile month as significant supply shocks affected the market.

On the 14th September Saudi Arabian oil facilities came under attack by Drones and Cruise missiles. This attack took the Abaqaiq oil facility offline and removed an estimated 5% of global oil production. This event furthered tensions in the Middle East with the US blaming Iran for the attack. Oil prices climbed by circa 20% as the market opened, the largest intraday move since the 1980's.

The bullish run was short lived as the US announced they would release more oil reserves in order to make up for the shortfall in the short-term. Following the spike on the 17th, oil prices returned to bearish as Saudi Arabia managed to get the facility back online faster than previously expected, allaying fears of continued supply disruption.

