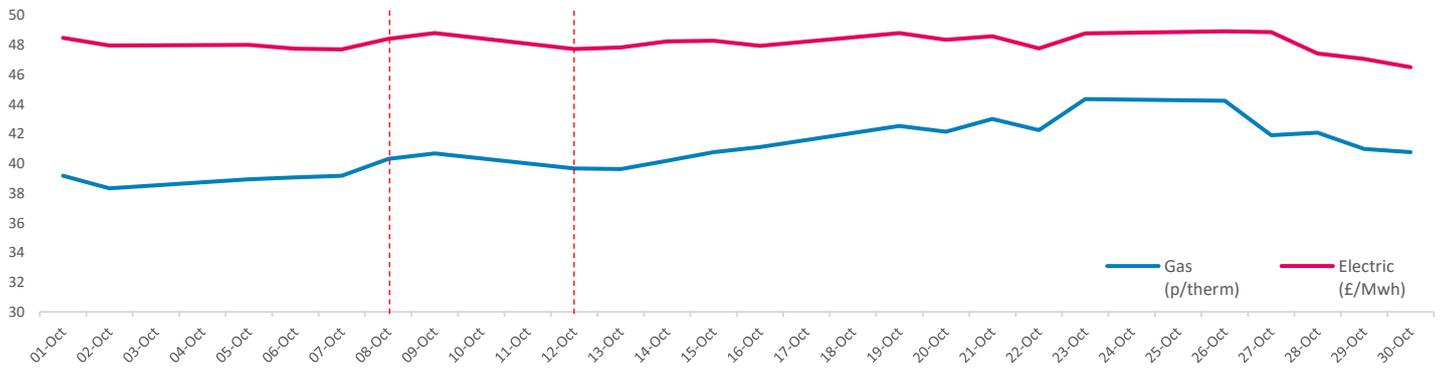


ENERGY MARKET UPDATE

October 2020

YEAR AHEAD WHOLESALE GAS AND ELECTRICITY PRICE



October began with both gas and electric markets seeing a small downturn before trading relatively flat for a short period.

The 8th October saw prices climb in both markets as cooler weather led to increased demand, this was also affected by ongoing strike action in Norway impacting supply. The increases were somewhat mitigated by increased LNG flows into the UK as 2 cargoes arrived at the Grain facility.

The 9th of October saw prices turn bearish (downward) as weather forecasts in the UK predicted warmer temperatures

than previously expected, however still below seasonal norms.

The week commencing the 12th October saw prices fall initially before gradually climbing across the week. An end to the strikes in Norway brought some supply back online, however temperatures were forecast to remain below seasonal norms for the week, putting a strain on demand.

Prices began to level off on the 20th as warmer weather brought temperatures above seasonal norms. However, prices jumped up on the 23rd as maintenance at the Oseberg gas field took some supply offline and affected pricing.

From the 26th October pricing turned bearish as milder weather forecasts, increased LNG arrivals, and a falling oil price filter through to the gas and electric markets.

A global rise in Coronavirus cases also fuelled bearish sentiments in the market as several countries entered a second national lockdown period, leading to a fall in demand from Europe and further uncertainty surrounding future demand.

Overall, both gas and electric markets traded relatively flat across October, however with uncertainty surrounding future demand and falling temperatures prices saw some volatility.

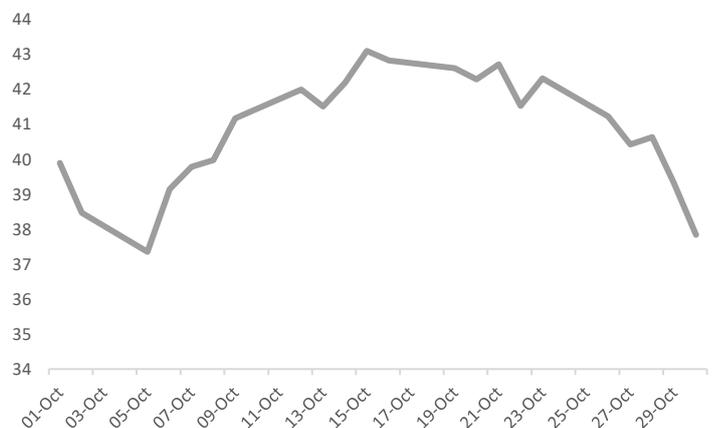
BRENT CRUDE OIL

Brent Crude oil has seen more volatility across October as increasing Coronavirus cases and the looming US election impact the market.

The oil price rose early in the month as an economic stimulus package was expected in the US with the aim of boosting the economy, however negotiations were put on hold until after the election. The market was also affected by Hurricane Delta disrupting oil production in the US, meaning reduced supply, and fueling bullish sentiments in the market

Prices fell sharply towards the end of the month as global Coronavirus cases rose, threatening future demand and driving prices down. This was also worsened by unexpected gains in US stockpiles.

Brent Crude Oil (\$/barrel)



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IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENT OF THIS REPORT,
CONTACT OUR ENERGY PROCUREMENT TEAM ON 01707 299 100.