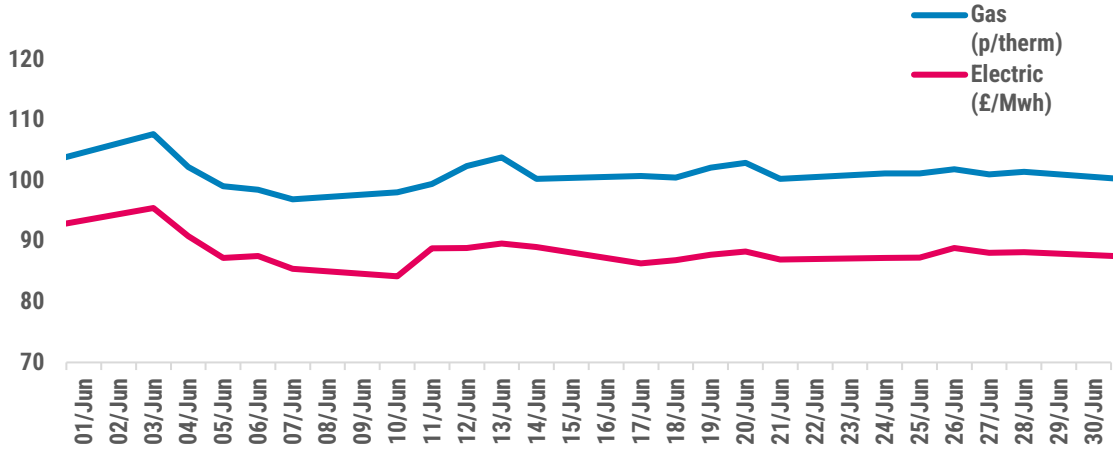


# ENERGY MARKET UPDATE

## June 2024

### YEAR AHEAD WHOLESALE GAS AND ELECTRICITY PRICE



June started bullishly (upward trending) due to an outage at the Nyhamna gas plant in Norway cutting significant flows to the UK and EU. However this quickly reverted and bearish (downward trending) pressures were introduced from the 3<sup>rd</sup> with high level storage being reported as the EU reached 70% capacity (much higher than the 5-year average of 58% at the time).

Prices rose on the 10<sup>th</sup> due to market volatility caused by discussions over maintaining vital Ukrainian supply for Europe despite continuous Russian attacks. Bullish pressure

was exacerbated on the 11<sup>th</sup> following supply disruptions at the Wheatstone gas facility in Australia, which was forced to pause its LNG (Liquified Natural Gas) and domestic gas production to repair their offshore fuels system.

Prices fell on the 13<sup>th</sup> following wind generation forecasts being over 20% above and gas demand being below the seasonal average respectively. Additionally, the UK's Heysham 2 nuclear reactor began increasing output before its planned maintenance outage, further decreasing demand for gas-fired generation.

Bullish pressure returned on the 18<sup>th</sup> with unscheduled maintenances occurring at the Skarv and Visund gas plants resulting in Norwegian flows to the UK and Northwestern Europe falling. An extension to the UK's Easington gas facility on the 20<sup>th</sup> and Norway's Dvalin gas field reporting an unanticipated outage on the 21<sup>st</sup> due to processing issues further increased pricing.

Despite this, the month ended slightly bearishly with restoration of most Norwegian gas plant operations from previously planned and unplanned outages resulting in flows to the EU and UK exceeding the 10-day moving average. High storage levels also aided in prices falling.

### BRENT CRUDE OIL

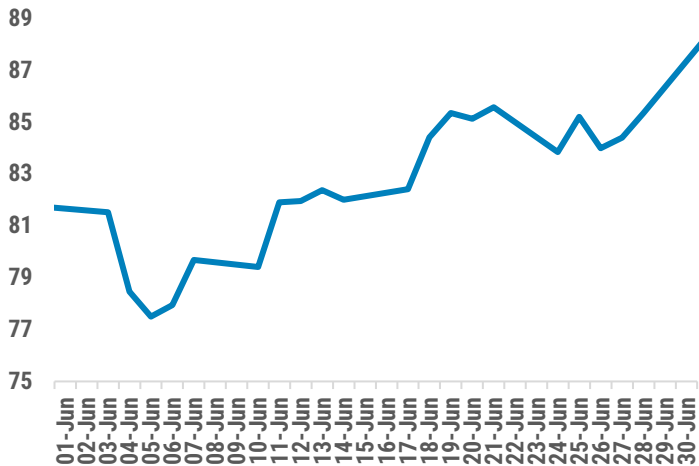
June started bearishly for oil following analysts predicting oversupply within the market later in the year, despite OPEC's decision to reduce output levels with a 2.2 million barrel production cut and ongoing geopolitical issues.

Oil prices reacted bullishly on the 6<sup>th</sup> with the market showing signs of demand recovery following the ECB (European Central Bank) cutting interest rates, instilling hopes of oil consumption increasing and the market anticipating the US also cutting their interest rates.

Bullish sentiment persisted in the market with the US dollar falling in value on the 12<sup>th</sup>. Supply concerns also dominated market sentiment with reports suggesting that prices were on track for the largest weekly gain over the past few months on the 17<sup>th</sup>.

Ukrainian drone attacks on Russian oil facilities and rising tensions in the Middle East supported prices on the 20<sup>th</sup>. Despite bearish pressure on the 22<sup>nd</sup> due to reports of weakening Chinese economic data, the month ended bullishly as a result of decrease crude stocks and intense fighting in Gaza.

Brent Crude Oil (\$/barrel)



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