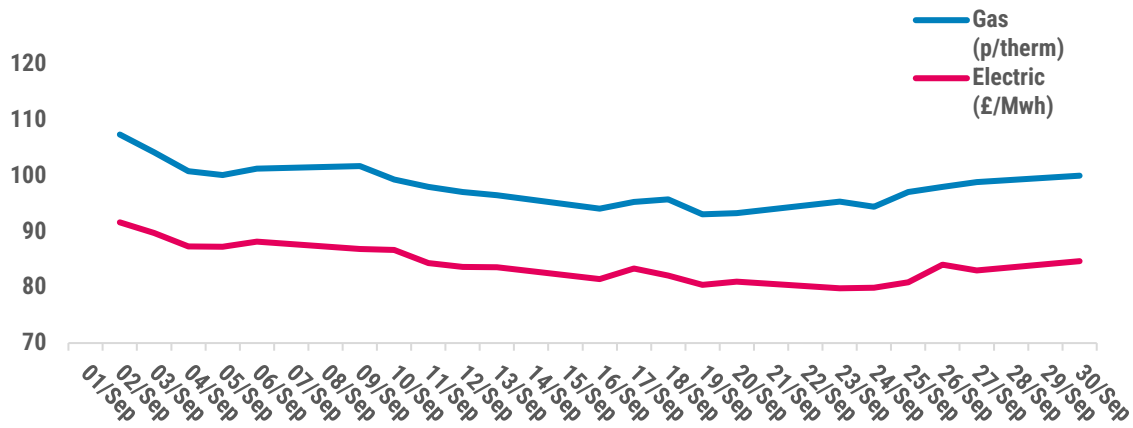


# ENERGY MARKET UPDATE

## September 2024

### YEAR AHEAD WHOLESALE GAS AND ELECTRICITY PRICE



September began bearishly (downward trending) following on from August's close. This was despite two Norwegian gas plants, Nyhamna and Kollesnes, extending their outages and low wind generation. The fall in pricing was due to both increased storage withdrawals and European storage levels being above the 90% target ahead of schedule. Revised estimates of maintenance completion and increased LNG (Liquified Natural Gas) imports in September and October also factored into the downward trend. The initial fall in pricing was countered by expectations of colder temperatures and Langede plant's ongoing maintenance. This led to a bullish trend (upward trending) that

was stabilised by a decrease in demand. Further bullish sentiment was a result of reports that Egypt, a typically energy-independent country, intended to purchase up to 20 LNG vessels in October alongside Russia threatening to divert Gazprom gas supplies away from Europe. Ongoing maintenance and extended outages to Kollesnes alongside expectations of falling temperatures increased pricing. However, the effects were stabilised by increased wind generation and Russia's announcement that Sudzha pipeline's gas had returned to normal. Expectations of temperatures rising above seasonal norms, paired with lower estimates of Hurricane Francine's intensity led to prices

falling gradually until the 16<sup>th</sup>. This was however negated by Hurricane Francine's impact on American energy infrastructure, a 42% reduction of natural gas production. From the 16<sup>th</sup> onwards, the Gas and Power markets saw some volatility. The last two weeks generally remained bullish with some bearish days to offset the increase in pricing. Bearish sentiment from the 18<sup>th</sup> was due to forecasts of increased temperatures and the resolution of an unplanned outage at Aasta Hansteen. Despite the upward trend in the last two weeks of the month, September closed in a lower position overall compared to the start of the month.

### BRENT CRUDE OIL

September began bullishly. This was due to supply disruptions in Libya and OPEC revising plans to decrease production. The rise was followed by a downward trend that continued until the 11<sup>th</sup>. This was due to easing tensions and increased production in Libya and OPEC revising plans to cut oil production.

Bullish sentiment returned around the 10<sup>th</sup> due to Hurricane Francine's impact in the Gulf of Mexico. This was offset by expectations of interest rate cuts in the United States and Europe. Hurricane Francine's impact led to a 42% decrease in production in the Gulf of Mexico. Additionally, speculation about increased geopolitical tensions in the Middle East and Eastern Europe influenced the upward trend.

These gains were offset by Libya resuming exports and lowering demand globally. Pricing looked to increase due to China's announcement to stimulate their economy and the falling price of the US Dollar. However, this speculation was quickly mitigated as the effects were not as significant as expected. In turn, this resulted in a drop in prices until the 27<sup>th</sup> countering the rise from Hurricane Francine and China's economic announcement.

Brent Crude Oil (\$/barrel)

