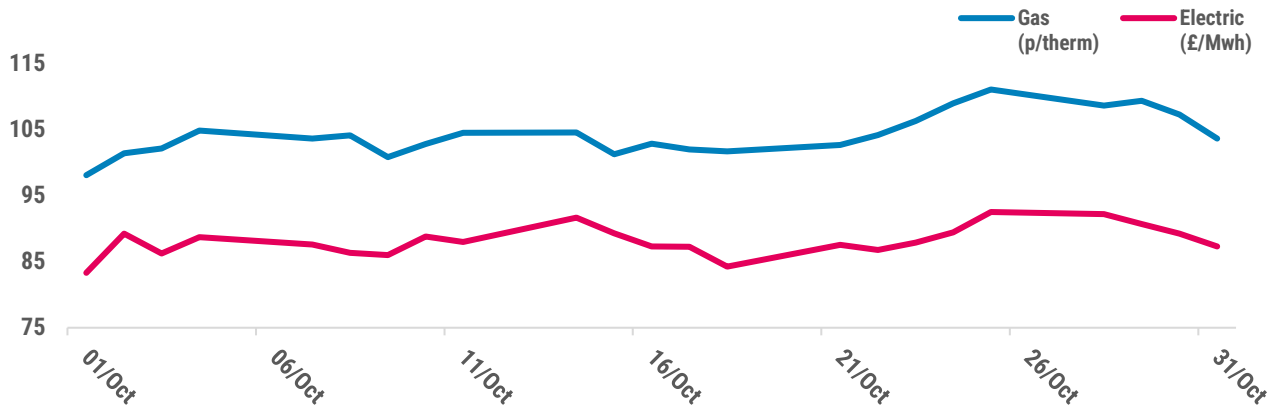


# ENERGY MARKET UPDATE

## October 2024

### Year Ahead Wholesale Gas and Electricity Price



Overall, the wholesale energy trend positions for October ended just as they had begun, at around the same levels.

That relative stability occurred despite numerous upticks in price within the month. Those upturns (some more significant than others) were all eventually overturned.

Anchoring wholesale energy prices were the strong natural gas storage levels seen across Europe (95%+ full) and the UK and the above normal seasonal temperatures.

That backdrop of lower than expected heating demand, Europe's gas storage

facilities being almost full and Norway's gas supply to Europe remaining largely consistent throughout October, countered the increasingly tense geopolitical foreground.

Iran's 200-missile retaliatory strike on Israel on the 1st of October, for the invasion of Lebanon, saw markets open higher at the beginning of the month. Following the attack traders awaited Israel's response with fears of LNG (Liquefied Natural Gas) shipping lanes such as the Strait of Hormuz becoming disrupted.

Between the 21st and 26th October the combination of several unexpected but short-lived disruptions to Norwegian gas supply to Europe and the imminent threat of escalating tensions in the Middle East with regards to the extent of Israel's response was sending prices higher.

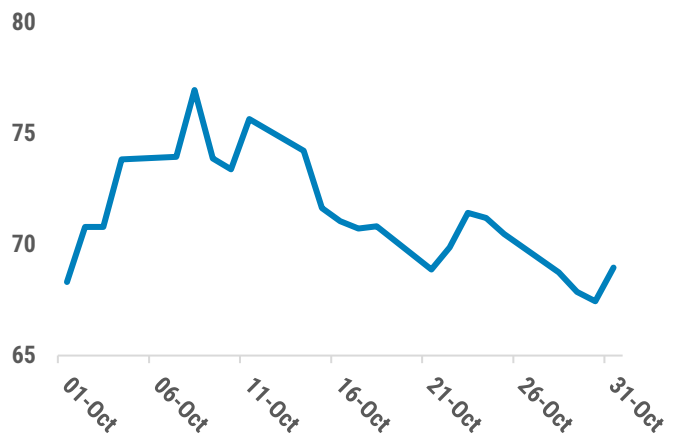
However, because the eventual Israeli strikes against Iran avoided any oil and nuclear facilities, this was deemed a positive outcome for energy markets as the perceived threats of disruption in the Strait of Hormuz were reduced.

### Brent Crude Oil

October Brent crude oil prices showed volatility due to a mix of geopolitical tensions, market supply dynamics, and changing global demand. Prices had declined sharply in August and September, briefly touching lows around \$70 per barrel. This drop was driven largely by weak demand from China and abundant global supply, which pressured prices downward. However, early October saw a rebound, with Brent prices rising about \$8 per barrel to around \$78, largely due to escalating tensions in the Middle East that raised concerns over potential supply disruptions, particularly related to Iranian exports and the strategic Strait of Hormuz.

Despite these price fluctuations, the outlook for Brent prices towards the latter part of the month and potentially further has returned to \$70 and the fundamentals of a relatively balanced market, with demand growth, especially from China, remaining muted.

Brent Crude Oil (\$/barrel)



If you have any questions about the content of this report, contact our Energy Procurement team on 01707 299 100.