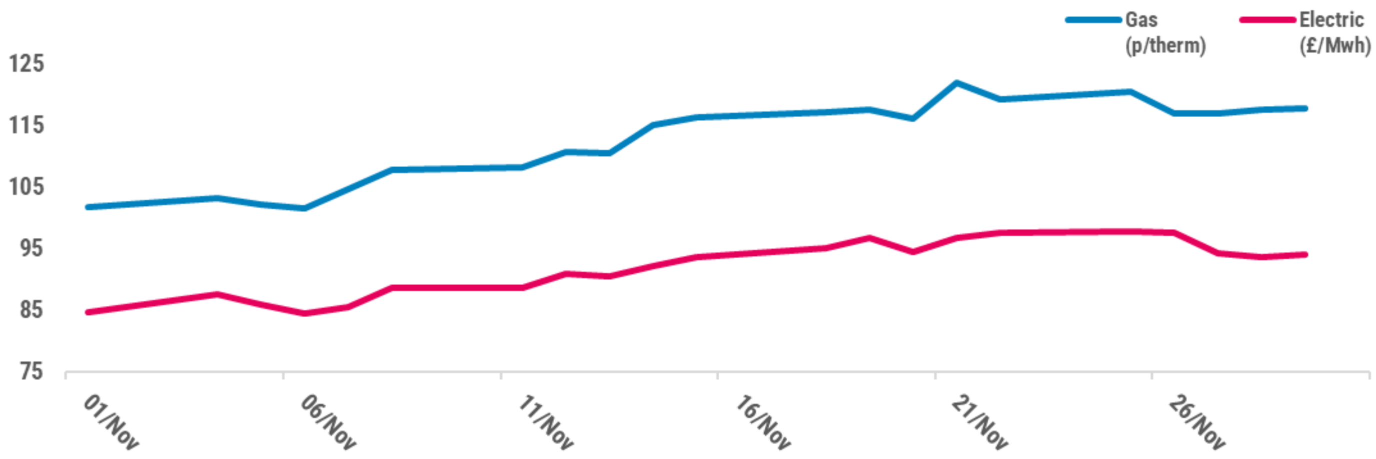
ENERGY MARKET UPDATE
November 2024

Year Ahead Wholesale Gas and Electricity Price



Overall, November produced bullish (upward trending) energy prices in the main.

Generally, sustained cooler temperatures and escalating geopolitical tensions have been the main drivers, with gas being impacted upwards more so than power.

Colder temperatures have been felt by the UK and Europe regularly so far during this year's heating season, which is in contrast to the previous few years having been milder up to this point. This is characterised by the month being the biggest November for gas storage withdrawals in the last 10 years, creating concern that inventories are being withdrawn from faster-than-usual, with the Netherlands storage levels dropping to 85%, for example, (2% below their 5yr seasonal norm).

Compounding the increased gas for heating demand has been low wind generation for sustained periods, with gas fired generation having to increase to pick up the slack of that reduced wind output.

In addition, traders are still mindful of the situations across the Middle East and Ukraine, with upturns later in the month attributed to the gas transit agreement between Russia and Ukraine expiring at the end of the year. However, with buyers coming close to reaching an arrangement with Azerbaijan to maintain supply following the expiration, the markets reacted favourably and softened a little by month end.

Also, with Donald Trump winning the US election, traders are considering the impact of this on the resolution of those conflicts.

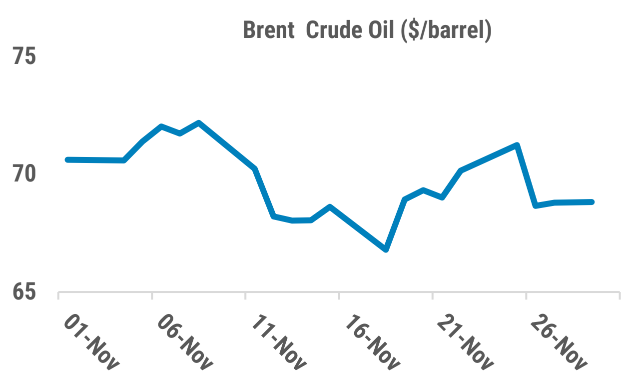
Helping to anchor prices somewhat have been factors such as strong gas flows from Norway and increased arrivals of Liquified Natural Gas (LNG) to EU shores due to the increased price premiums that are available to sellers currently.

Brent Crude Oil

Brent crude oil prices showed mixed movements due to a blend of geopolitical, economic, and market dynamics.

The average price hovered around $70 per barrel, reflecting a slight dip from previous months. This decline was influenced by expectations of ample global oil supply (rising US oil output and subdued Chinese demand) despite OPEC+ production cuts and varying demand from major economies like China and the United States.

Concerns about potential disruptions from Middle Eastern conflicts momentarily pushed prices higher, but no significant impact on oil infrastructure has been reported, allowing prices to stabilise.



PURCHASE DIRECT

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