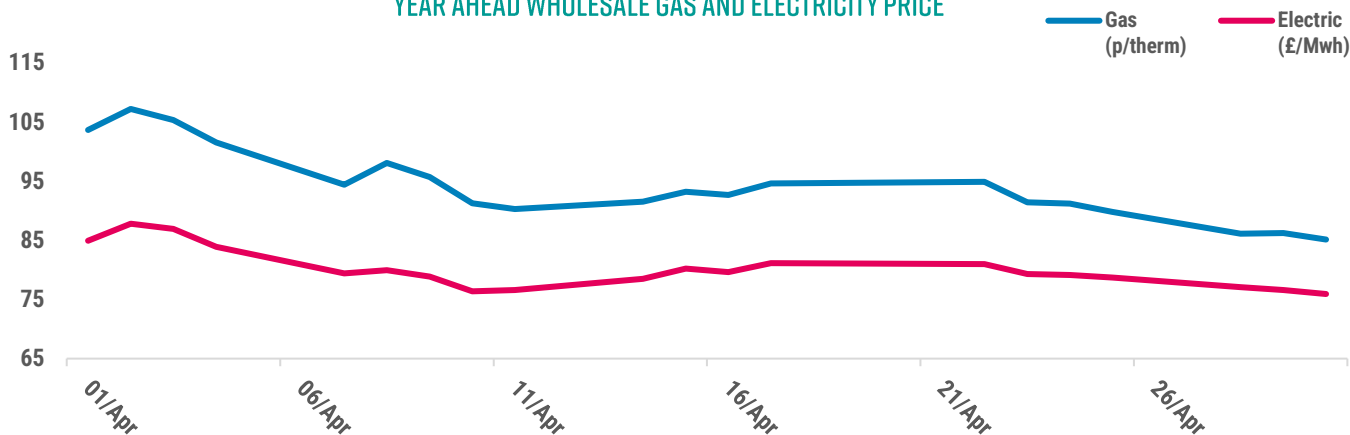


ENERGY MARKET UPDATE

APRIL 2025

YEAR AHEAD WHOLESALE GAS AND ELECTRICITY PRICE



April 2025 continued to reflect a delicate balance between easing supply/demand fundamentals and persistent geopolitical risks in UK and European wholesale energy markets. Prices remained volatile but largely range-bound, as the region transitioned from the heating season into the storage injection phase.

April saw downward pressure on gas prices due to milder temperatures, improved renewable generation, and sustained Liquefied Natural Gas (LNG) imports across Northwest Europe. U.S. tariffs on Chinese imports also influenced the global LNG market, redirecting more cargoes to Europe

and easing price pressure. These factors helped reduce short-term supply concerns, with several countries beginning to inject gas back into storage. EU gas inventories ended the month at approximately 40% full, still below the 5-year average but improving from March's 36%.

However, bullish (upward trending) drivers remained in play. Norwegian gas flows were intermittently impacted by ongoing maintenance work, and wind output remained inconsistent, leading to higher reliance on gas-fired power generation. Furthermore, geopolitical uncertainty persisted. Tensions in the Middle East and

lack of progress on a Ukraine-Russia ceasefire continued to inject risk premiums into the market.

In addition, market participants remained focused on the EU's legally binding 90% gas storage target for November 2025, which is underpinning summer injection demand. Some uncertainty remains over whether this requirement could be relaxed (to 70%), with discussions ongoing.

Despite the month's price fluctuations, forward contracts softened slightly amid improving supply outlooks and expectations of continued LNG availability, particularly as Asian demand remains subdued.

BRENT CRUDE OIL

Brent crude oil prices saw their sharpest monthly drop since 2021 in April 2025, falling nearly 19% to close at \$63.53 per barrel, down from \$72.94 in March. The decline was driven by intensifying global trade tensions, particularly new U.S. tariffs that raised fears of an economic slowdown and weakened oil demand.

Adding to the pressure, OPEC+ confirmed a production increase of 411,000 barrels per day starting in May, raising concerns about a looming supply surplus. A brief mid-month rebound on speculation of renewed sanctions on Iran wasn't enough to offset the bearish (downward) trend.

With inventories rising and demand softening, analysts expect continued volatility. April's decline underscores growing uncertainty in oil markets, as both geopolitical risks and macroeconomic pressures weigh on sentiment.

Brent Crude Oil (\$/barrel)

