

ESOS Energy - WEEKLY MARKET INSIGHT

08 July 2024



Wholesale Market Prices and Trends

Wholesale Gas Element (p/kWh)	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Oct-24 12m	3.22	↑ 19%	↑ 7%	↓ -19%
Oct-24 24m	3.12	↑ 16%	↑ 7%	↓ -13%
Oct-24 36m	2.97	↑ 12%	↑ 6%	↓ -10%
Apr-25 12m	3.24	↑ 17%	↑ 10%	↓ -8%
Apr-25 24m	2.96	↑ 11%	↑ 7%	↓ -6%

Wholesale Power Element (p/kWh)	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Oct-24 12m	8.26	↑ 15%	↑ 4%	↓ -23%
Oct-24 24m	8.04	↑ 13%	↑ 2%	↓ -21%
Oct-24 36m	7.84	↑ 11%	↑ 1%	↓ -19%
Apr-25 12m	8.23	↑ 14%	↑ 5%	↓ -18%
Apr-25 24m	7.85	↑ 10%	↑ 3%	↓ -15%

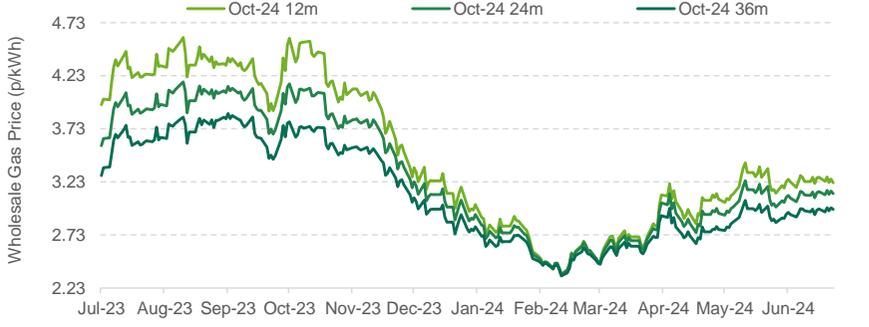
Wider Energy Complex	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Brent (\$/bbl.)	86.54	↔ 0%	↑ 12%	↑ 11%
Coal (\$/t)	115.75	↑ 4%	↑ 19%	↑ 11%
UK Carbon (£/t)	47.95	↑ 26%	↓ -3%	↓ -20%
EU Carbon (€/t)	70.36	↑ 8%	↓ -12%	↓ -22%
€/£	0.85	↓ -1%	↓ -3%	↓ -1%

UK NBP Gas

Wholesale Market Drivers

Bearish (Falling)	<p>The US Department of Energy's has reversed the pause on LNG exports made by the Biden Administration, offering prospects for increased supply to Europe.</p> <p>EU gas storage is expected to be filled by Aug-24, before significant Norwegian maintenance begins, offering greater supply security in W-24.</p>
Bullish (Rising)	<p>US Hurricane season has started, with Hurricane Beryl is leading to a temporary closure of Freeport. This could impact LNG flows to Europe and lead to storage filling at a slower rate.</p> <p>Ongoing geopolitical tensions in the Middle East continue to provide a risk premium to contracts on concerns that LNG supply could be disrupted and cargoes continuing to avoid the Suez canal.</p>

Wholesale Price Graphs



UK Baseload Power

Market Drivers

Bearish (Falling)	<p>Labour's victory in the elections offers prospects for greater renewable generation, with parties supporting more ambitious net-zero goals achieving around 476 out of 650 of the seats.</p> <p>National Rally have failed to secure a majority in the French election, suggesting a continuation of renewable expansion in France and continuity on climate targets.</p>
Bullish (Rising)	<p>EDF is running into financing problems, potentially slowing the rate at which new capacity comes online and impacting their ability to repair their ageing nuclear fleet.</p> <p>UK carbon looks poised for upside as Labour look to more closely align carbon pricing with the more expensive EU scheme.</p>

Wholesale Price Graphs



Energy Market News:

Falling Power Prices Threaten Debt-Laden EDF's revival. Falling electricity prices are complicating EDF's negotiations for long-term contracts with industrial customers, posing significant challenges to the debt-ridden energy group's financial stability and the operation of its aging nuclear plants. Despite anticipated improvements in EDF's 2023 financial results, due to high power prices post-Ukraine invasion, the lack of forward deals raises concerns about its long-term outlook. EDF requires these contracts to stabilize finances, mitigate price volatility, and invest in extending and building nuclear reactors. A government agreement aims to stabilize electricity prices at 70 euros/MWh from 2026, above the 60 euros/MWh breakeven production cost, but current market paralysis hinders this strategy. The situation affects EDF's funding prospects and credit ratings, impacting the UK energy market on the potential for reduced supply reliability and increased price

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