

July Market Report

6 August 2024



Keeping you updated
with the latest trends,
news and forecasts in
the UK energy market.

ENERGY MARKET WATCH



Market analysis

July 2024

Commentary

A volatile month in the market saw gas contracts rise by 1.31%, while power prices fell by 1.47% (12-month cost). In July, plenty of intra-month volatility saw prices dip at the outset of the month before recovering some of these losses towards the end.

Key drivers

UK General Election – The Labour Party won the UK General Election with a landslide majority early in July. Throughout the month, the new government announced the formation of 'Great British Energy', a fund designed to support investment in green energy. They also removed red tape surrounding onshore wind projects and increased the budget for this year's renewable energy auction. The initial response from industry leaders has been positive, however, the effect of these changes won't be realised until projects are implemented in the coming years.

Middle East conflict – The Middle East is incredibly important for global energy security. This region is a significant producer of natural gas and contains several top oil producers. Tensions in this region have been high during 2024 due to an ongoing conflict between Israel and Gaza. In early July, ceasefire talks were progressing and eased some concerns. However, towards the end of the month tensions flared again leaving the region on the brink of an all-out war.

Hurricane Beryl – On 8 July, Hurricane Beryl made landfall in Texas USA, causing damage across the U.S. coast and causing the shutdown of Freeport LNG export facility. This facility plays an important role in global LNG supply and energy security. Despite initially reporting minimal damage, the Texas plant suspended loadings for more than two weeks and won't return to full production until the first week of August. Combined with outages in Australia and competition from Asian markets; Europe saw another underwhelming month for LNG

Commodity overview

Commodity	Unit	Price – 01/07/24	Price – 31/07/24	% Change
Gas (12-Month)	p/therm	99.03	100.33	+1.31%
Power (12-Month)	£/MW	83.75	82.52	-1.47%
Brent Oil	\$/bbl	86.41	80.72	-6.59%
Coal	\$/tonne	114.00	118.68	+4.11%
Carbon	£/tonne	46.26	38.29	-17.23%

Gas prices rose by:

1.31%

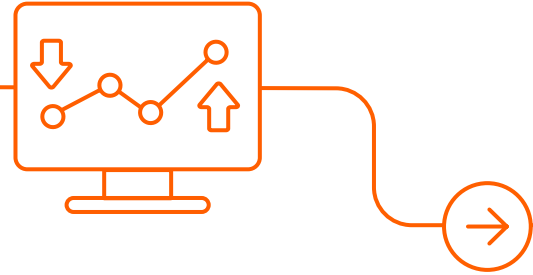
Power prices fell by:

1.47%



Plenty of intra-month volatility saw prices dip at the outset of the month before recovering some of these losses towards the end.

Wholesale market graphs



Graph 1 – Wholesale gas graph (12-month cost)



Graph 2 – Wholesale electricity graph (12-month cost)



Recommendation

Amid market volatility, flexible contracts offer opportunities to benefit from less affected price periods. The market's current backwardation – where future prices are lower than near-term ones – allows securing coverage now for those future periods, providing certainty against ongoing or longer lasting geopolitical tensions.

If you would like to discuss your contract options in greater detail, please get in touch.

Alex Payne
Director of Energy Markets & Procurement
Zenergi

About the Market Watch team

Whether you are looking for a fixed price contract and want to ensure you are buying at the right time, or are embarking on a more flexible arrangement, our team are here to support you.

We are energy industry experts dedicated to continuously monitoring market conditions on your behalf. We play a crucial role in delivering valuable insights and empowering you to make well-informed decisions. With a deep understanding of your needs and risk appetites, we tailor our approach to suit your requirements.



Daily market insights straight to your inbox

For more information sign up to receive Zenergi's daily market insights [here](#).



Powering a sustainable future

About Zenergi

Zenergi supports and empowers organisations' journey to net zero. With a unique range of services, we tailor sustainable solutions for our customers. What sets us apart? We drive major reductions in costs, energy consumption and carbon emissions with our market-leading procurement service; informed advice, and unrivalled engineering expertise.

Let us simplify and accelerate your journey to a more sustainable future, we're here to guide you every step of the way.

Find out more

For more information about Zenergi's Social Value Strategy, visit www.zenergi.co.uk/social-value

www.zenergi.co.uk
bepositive@zenergi.co.uk
02380 286300

