

August Market Report

13 September 2024



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

ENERGY MARKET WATCH



Market analysis

August 2024

Commentary

August saw considerable volatility across gas and power markets, with 12-month forward prices fluctuating by 2.70% and 3.95%, respectively (non-profiled wholesale rates). Daily price movements were driven by geopolitical tensions, weather patterns, and shifts in global energy supply and demand. In the UK, warmer-than-expected temperatures reduced demand, with wind generation helping to lower reliance on non-renewable sources.

Key drivers

Norwegian outages – Outages at Norwegian energy facilities created a bullish sentiment, especially as forecasted maximum outages increased from 182.5mcm/day to 237.5mcm/day. However, above-average UK temperatures, plentiful wind generation, and steady LNG shipments helped balance supply.

Global conflicts – Escalating tensions from the Russo-Ukraine war and Middle East conflicts affected energy markets. Energy facilities were targeted, but Europe's gas supply through Sudzha remained unaffected. The failed Hamas-Israel negotiations increased market uncertainty, prompting efforts from Western leaders that yielded no immediate resolution.

US uncertainty – Political debates in the US had a major impact, with both parties agreeing not to implement fracking restrictions, alleviating concerns over potential supply disruptions.

Asian Demand – China's demand for LNG declined significantly as its economy slowed, contributing to softer gas prices globally. Milder weather and high storage levels reduced overall Asian demand.

Environmental challenges – Hurricanes Debbie and Ernesto impacted US LNG facilities and caused power outages, while Ernesto's influence on wind speeds boosted UK power generation.

Commodity overview

Commodity	Unit	Price – 01/07/24	Price – 31/07/24	% Change
Gas (12-Month)	p/therm	100.33	103.66	+3.32%
Power (12-Month)	£/MW	83.24	87.22	+4.78%
Brent Oil	\$/bbl	80.72	79.95	-0.95%
Coal	\$/tonne	118.61	124.95	+5.35%
Carbon	£/tonne	38.29	42.20	+10.21%

Gas prices rose by:

2.70%

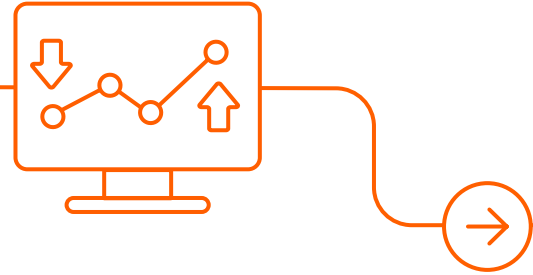
Power prices rose by:

3.95%

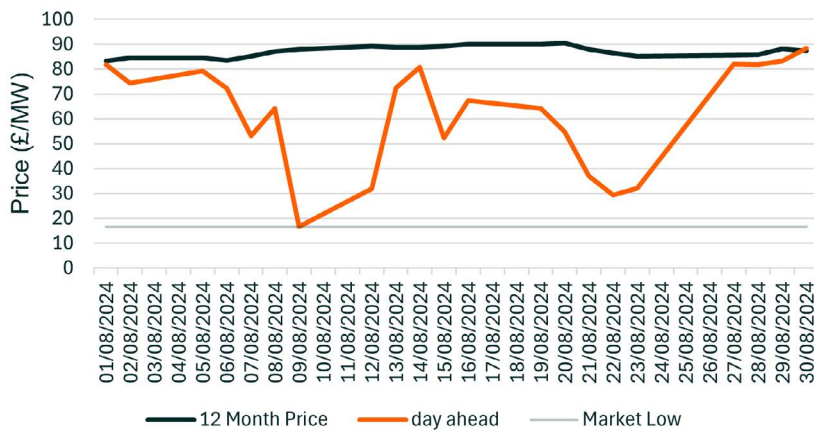


Plenty of intra month volatility saw market prices dip at the outset, however these losses were fully recovered.

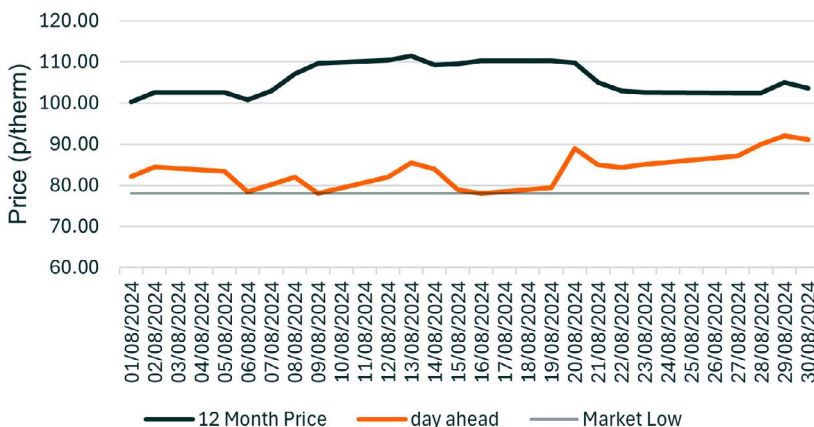
Wholesale market graphs



Graph 1 – Monthly comparison (Power)



Graph 2 – Monthly comparison (Gas)



Recommendation

Customers with contracts due for renewal this year should look to secure them as soon as possible. With the next main renewal period in April, it's important to consider options in advance.

Considering a flexible arrangement will allow you to benefit from market dips and build prices for the next 2-3 years.

Zenergi offers flexible options that let you choose when to buy in the market while still providing a fixed price known before the contract begins.

Callum Taylor
Energy Market Analyst
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

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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

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