

September Market Report

4 October 2024



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

ENERGY MARKET WATCH



Market analysis

September 2024

Commentary

In comparison to August, September presented far more attractive prices for gas and power. Uncertainty around the US and Chinese economies were leading the trend – despite upwards pressure from natural disasters and low renewable production in the UK. With regards to oil, Brent saw large drops to around the \$69/bbl mark on 9 September, the lowest point since 2021.

Key drivers

Chinese Demand – The Chinese economy has presented multiple challenges through September, suppressing markets quite drastically in the first 3 weeks of the month as the economy collapsed in terms of growth in demand; a strong recovery was seen at the end of the month upon an announcement that interest rates were to decrease by 0.5% in order to stimulate the economy, presenting some upwards momentum. Saudi Arabian total global exports reduced by 5% since last year, backing up the low global demand sentiments and showing that China is not the only country in this position.

US Economy – In the US, the Fed rate cuts caused an imbalance in market prices initially, with a natural rise occurring as a result; upon announcement of the cuts, markets fell in a 'buy-the-rumour, sell-the-news' type of scenario. Natural disasters around the US had an upwards effect on markets, as hurricane Helene just missed the East Coast of the Gulf of Mexico, forcing many energy producers to close, therefore tightening global supply – however, this could have been much worse.

UK Production – Low production of renewables in the UK has put pressure on domestic markets in order to meet demand for power; with gas for power increasing the most over September, followed by nuclear and biomass by quite some margin – inevitably lifting expectations on gas prices somewhat and preventing further steep market drops. On the other hand, however, a strong EU storage level in the mid 90%'s and a nearing Norwegian maintenance deadline could suppress these supply-side pressures.

Commodity overview

Commodity	Unit	Price – 01/09/24	Price – 31/09/24	% Change
Gas (12-Month)	p/therm	105.60	96.64	-8.20%
Power (12-Month)	£/MWh	88.69	79.49	-10.37%
Brent Oil	\$/bbl	78.80	71.98	-8.65%
Coal	\$/tonne	126.00	123.77	-1.77%
Carbon	£/tonne	43.30	39.96	-14.64%

Gas prices decreased by:

8.02%

Power prices decreased by:

8.31%



In comparison to August, September presented far more attractive prices for gas and power.

Wholesale market graphs



Graph 1 - Wholesale electricity cost



Graph 2 - Wholesale gas cost



Recommendation

As anticipated, with European gas storage exceeding 90% capacity well ahead of November, energy prices dropped in September, allowing customers to lock in future rates at lower costs.

Future energy prices are currently lower than those on the near curve, making now a good time to buy.

A flexible contract could help secure these savings. If you'd like to explore your contract options further, please don't hesitate to reach out for a detailed discussion.

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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.



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