

Weekly Energy Market Report

GAS

British gas prices had quite a bumpy week. Wholesale contracts opened the week higher on Monday, many contracts gaining around 2% on concerns over the system operating at full capacity.

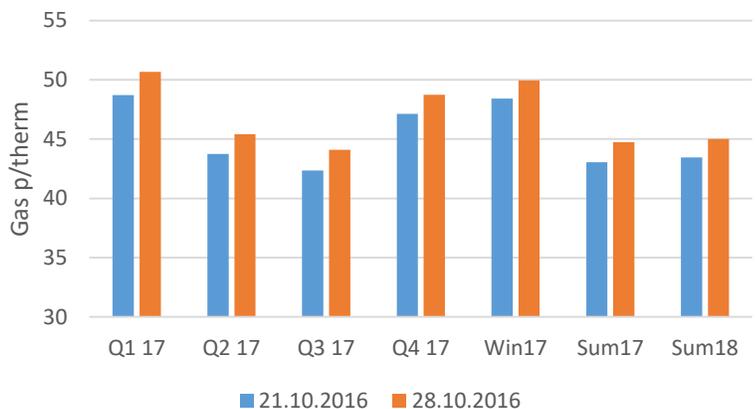
The bullish trend continued on Tuesday as some maintenance works on the Norwegian side raised concerns around future supplies, the November delivery rising 0.68p compared to Monday.

As the week progressed, the market turned bearish. On Wednesday prices declined, following weaker oil and warmer temperatures.

Thursday saw most contracts gain ground as a weaker pound and some light upward momentum in the oil market weighed on prices. Sum17 delivery settled at 44.73 p/therm, up 2.3%.

On Friday due to an oversupplied system, prices closed the week lower, however up between 3 and 4 percent week on week.

Change in Gas Prices



OIL

Crude oil fell below \$50 per barrel on doubts OPEC will be able to bring together its members and Russia to organize a coordinated crude production cut.

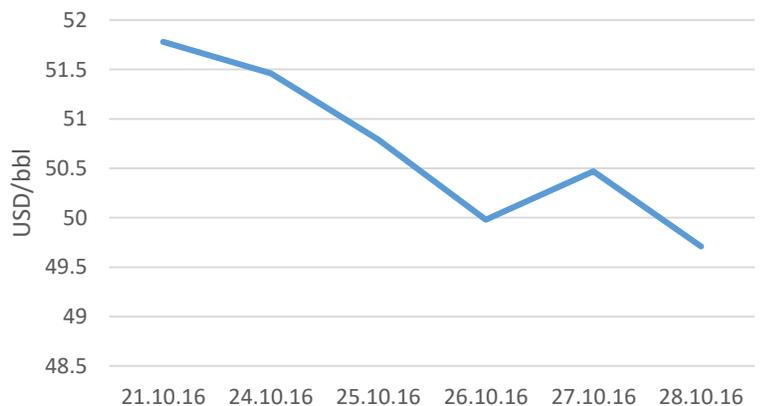
A cut is being pushed by Saudi Arabia, OPEC's biggest producer, and it is being supported -at least by word -by Russia, not a member of the cartel but the world's biggest oil producer.

However, OPEC's No.2 producer, Iraq, has said it would not cut output, arguing it needs the revenue to fight Islamic State, and the government is trying to boost production further from its current record 4.43 mbd.

In U.S. crude markets, West Texas Intermediate futures received some support from a 553,000-barrel draw in crude inventories to 468.16 million barrels.

On Friday Brent crude settled at \$49.71 a barrel, down 4 percent week on week.

Brent



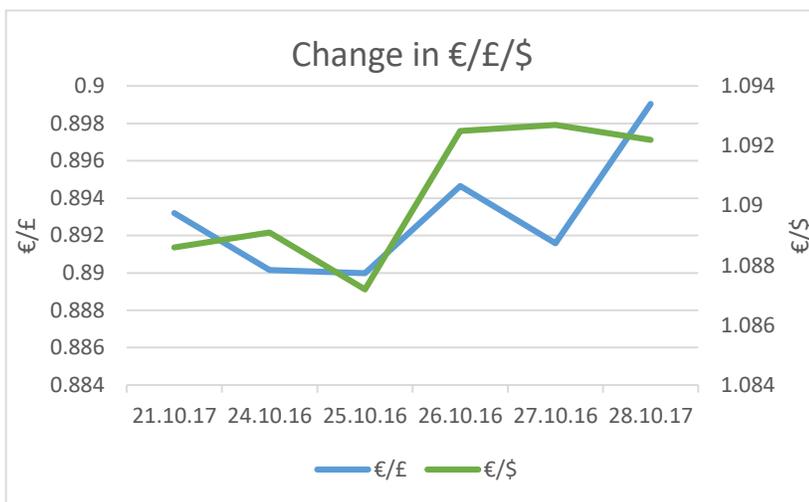
FX

The Pound started last week almost flat against Dollar and Euro in absence of major economic indicators on Monday, only to lose further ground on Tuesday.

On the other side the Euro had a modest start of the week thanks for some positive German PMI data, recovering from last week's losses.

As the week progressed, the Euro consolidated both against the Dollar and the Sterling, however, some solid US economic data showed the dollar was in a good momentum, increasing market expectations for a Fed rate hike this year.

On Friday the Euro edged higher against its major counterparts. The greenback was under pressure due to Hillary Clinton's FBI investigations and a less probable monetary policy intervention from the Fed this year.



CARBON

EU carbon price declined 0.17% last week, but analysts have reduced their forecasts for European carbon prices, as high coal prices lead to an increase in gas-fired power generation, curbing demand for carbon permits, a Reuters poll showed.

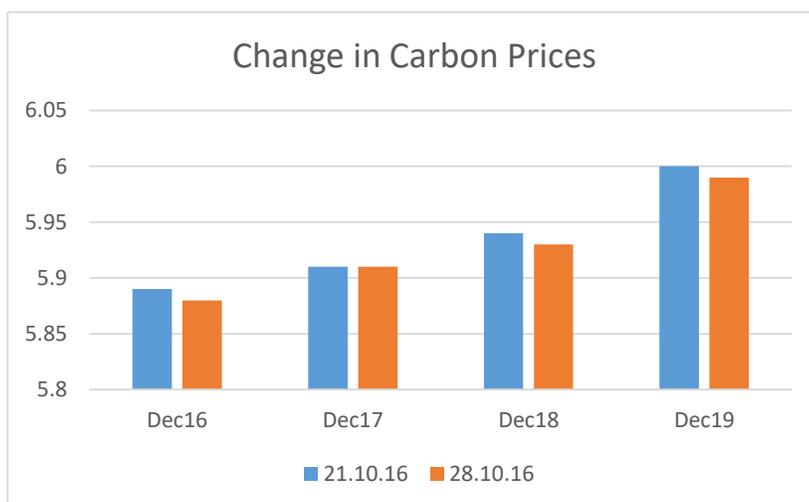
The start of the week was on a downtrend.

EU carbon permits started the week declining, with the Dec16 delivery settling at 5.81 EUR/t on Monday.

In mid-week trading prices rose to the highest level of the week thanks to stronger coal and power prices, Dec16 reaching 5.94 EUR/t.

All contracts closed the week relatively flat compared to the previous week. The Dec16 delivery settled at 5.88 EUR/t on Friday

Analysts cut their forecasts for the next two years by 4-5% and now expect EUA to average 5.39 EUR/t in 2017 and 5.70 EUR/t in 2018.



Power prices in Ireland are strongly linked to gas and Carbon prices by the volume of gas fired power stations in Ireland's power market. Gas prices are in turn influenced by oil prices and exchange rates.

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