

# Weekly Energy Market Report

## GAS

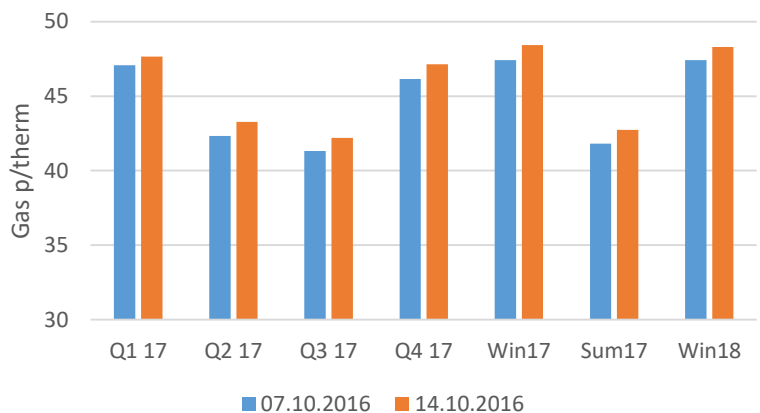
Seasonal contracts for Winter 2017 and Summer 2017 both rose more than 2 % last week, as volatile crude oil and European gas markets fed larger risk premiums built into the UK gas curve.

Day-ahead contracts rose by 1.8% week-on-week due to strong exports to the continent and low LNG send-out, while demand from for generation continued to be high as gas-fired generation was required to make up shortfall in other areas. Forecasts of colder than expected temperatures also supported prices.

Prices across the rest of the curve gained support from concerns over gas supply during the winter. The curve also gained further support due to the ongoing outage at Rough storage.

Last week saw four Central European nations united in opposing a pipeline that would deliver natural gas directly from Russia to Germany because it would harm Europe's ability to create an efficient energy system.

Change in Gas Prices



## OIL

Russian President Putin's statement that Russia would join in a production cut drove Brent to the highest level in one-year at \$53.14 a barrel on Monday.

On Tuesday, Brent lost ground as skepticism returned with some mixed signals from the Russian producer Rosneft. As a result, Brent lost 1.4% day-on-day.

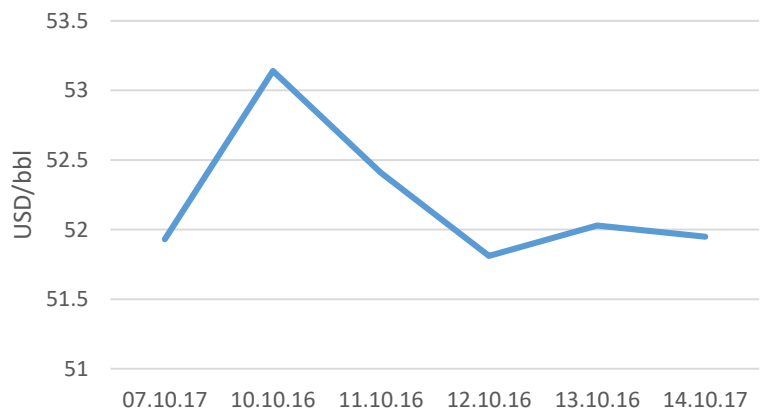
Wednesday saw Brent heavily influenced by news the OPEC production was actually at an eight year high in September and that US stockpiles rose according to the weekly API report.

On Thursday, Brent settled higher as the market was reacting to data revealing a decline in output for the lower 48 states to the lowest level in two years.

Brent closed the week slightly down due to a stronger dollar and another build in the U.S. oil ring number. It ended at \$51.95 a barrel.

For the week, Brent closed flat.

Brent



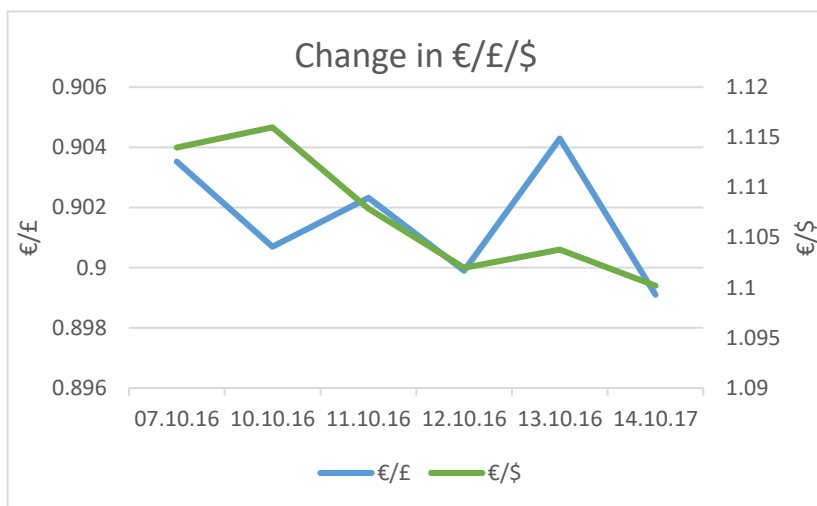
## FX

The Euro endured a choppy week of trading, ending the week 1.24% lower against USD as small issues piled up: financial (Deutsche Bank); political (Brexit); and geopolitical (Russia).

The dollar posted its largest weekly rise in more than seven months, with rebounding U.S. retail sales and a rise in producer prices last month indicating the economy had regained momentum in the third quarter after a lacklustre first-half.

The GBP firmed 0.5 % against its European pair last week, after comments from the Bank of England governor that the Bank will let inflation overshoot its target – meaning rising prices for households – by keeping interest rates low, fueling investor confidence that the BoE will need to change its loose stance on monetary policy.

However, sterling was only able to strengthen marginally against the euro while weakening against the US dollar.



## CARBON

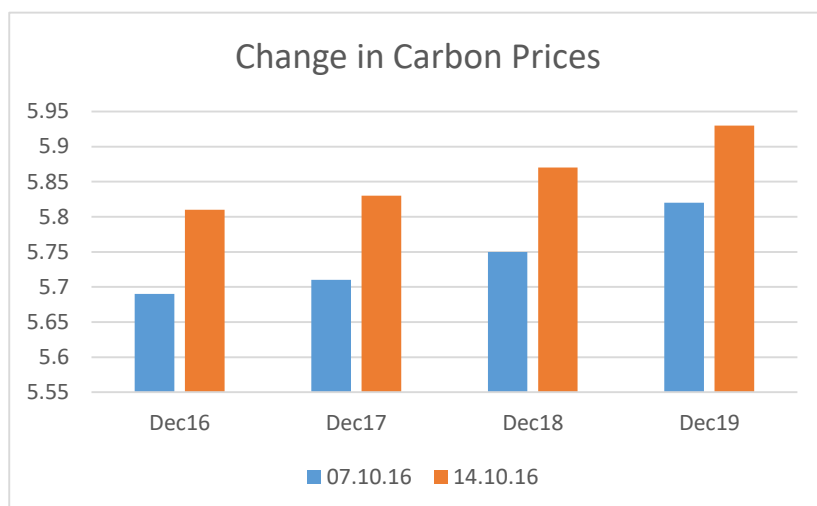
EU carbon allowances opened the week slightly lower at 5.69 euros/tonne. However, they paired early losses as a bullish auction and higher oil supported prices.

European carbon prices for 2017 delivery gained 2.1% week-on-week with further increases possible if German power prices continue the bullish momentum.

However, the profitability of coal-fired generation has diminished and signals from oil and equity markets are also not supportive of further gains.

On Friday, EUAs closed at 5.83 euros/tonne, recording the third day of consecutive gains, led by firmer power and coal prices.

Germany sold 3.495 million spot EU carbon permits on EEX at 5.65 EUR/t each on Friday.



*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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