

ENERGY REPORT

OCTOBER 2023



PLACE
SUPPORT
PARTNERSHIP

INTRODUCTION



Australian unions gave notice to resume strikes at LNG plants and have shut down an Israeli field, a move that could disrupt supplies and has pushed European gas prices up by 17%. A major offshore gas field in Israel has also shut down and oil prices soared as concerns about the potential impact of the ongoing conflict increase. Oil prices have also been more volatile, and investors are concerned that the high-interest rates across the US and Europe would have to remain in place longer than originally planned.

Businesses have been advised by energy experts to stay vigilant of the stability of the energy market and consider green energy options if they have not already. Energy prices have eased this year, but due to unforeseen outages and ongoing summer maintenance market prices have risen despite bearish fundamentals recently.

Commenting on the latest report, commercial energy and sustainability consultancy Advantage Utilities Chief Executive Officer, Andrew Grover, said: “Businesses must stay on top of the current energy market which remains extremely precarious. We’ve already witnessed volatile energy price changes in response to ongoing disruptions and that’s in spite of healthy gas storage levels. We also believe that energy prices will remain at current levels for a few years to come.”

Bullish Factors (upward pressure on markets):

- Middle East tensions
- Unplanned outages, closures and strikes
- High interest rates across US and Europe

Bearish Factors (downward pressure on markets):

- UK near storage capacity
- Demand below average
- Wind generation above average
- Temperatures above average



MARKET REPORT

GAS & POWER

An unplanned outage in Norway provided some volatility for prices. However, demand has been lower than usual for this time of year and the UK was near capacity for storage which has helped keep prices flat.

Temperatures are expected to be slightly above seasonal norms, reducing the need of gas and heating. Wind generation is also forecasted to be 20% above seasonal norms, also helping to keep gas and power prices steady.

Graphs below display gas and electric prices over the last 12 months.

POWER PRICES

10th October



GAS PRICES

10th October



ENERGY NEWS

MIDDLE EAST CONFLICT

Hamas launched the largest military assault on Israel in decades. The gunmen burst across the fence from Gaza on Saturday in the deadliest incursion into Israeli territory since Egypt and Syria's attacks in the Yom Kippur war 50 years ago.

European gas has increased by 17%, the most since August this year, after Chevron Corp. shut production at a field in Israel. Israel has also shut a major offshore gas field amid the three days of violence in the region. Norwegian plant of Kviteseid. "In the wake of the situation, Israel's defence establishment ordered the temporary suspension of natural gas supplies from the Tamar field," the energy ministry said in a statement.

Oil prices surged as the military clash ignited fears that a wider conflict could impact oil supply from the Middle East. "The attack on Israel has added some additional risk premium to oil prices as the market is already extremely tight as a result of the OPEC+ output restrictions and this could in theory squeeze supply further," said Senior Market Analyst at OANDA, Craig Erlam.

The pound has also fallen, as the conflict sparks investors to safe assets including gold and the US dollar. The Russian rouble has also fallen to its weakest point since March 2022 after the Ukraine invasion.

