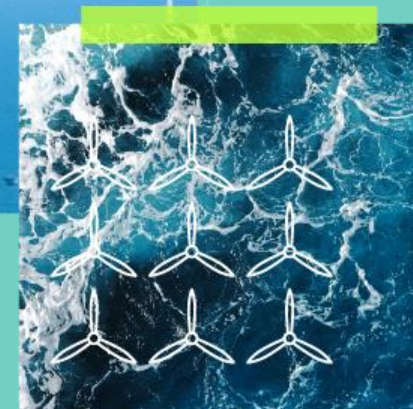


# Monthly Market Review Report

November 2023



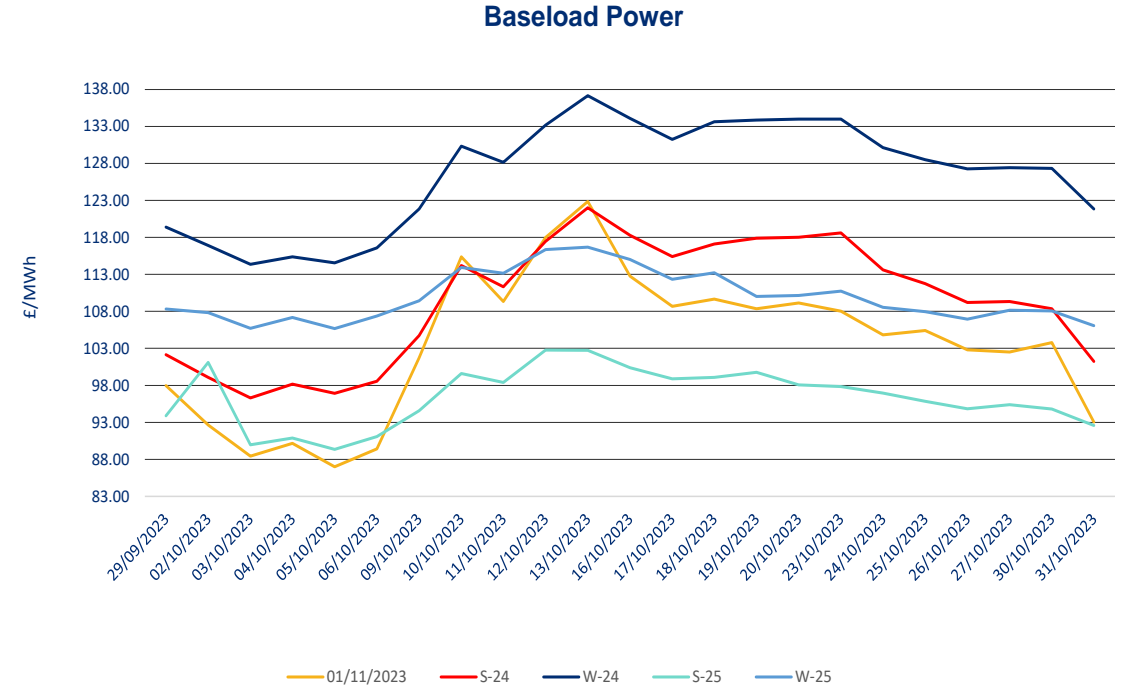
# Monthly Report – November 2023

## Market Update – Power

**Review:** Mild, wet and windy weather saw the October clean spark spread\* outturn at c.-£14/MWh. This fed into the near curve with the front half of November forecast for a continuation of the wet and windy pattern, as high renewables output negates the need for any substantial gas fired generation.

The GB market is now pricing at a premium to all the near continental hubs along the curve out to Winter 24, except for Q124, where French power is at a £1/MW premium.

**Outlook:** Above average wind and rainfall forecast set to boost renewables output coupled with below average demands in early-mid November.



Gas NBP (p/th)	Sep-23	Oct-23	Change	% Change	High	Low	Average
Nov-23	105.09	111.00	↑ 5.91	↑ 5%	136.00	90.30	115.71
Summer 24	117.50	122.65	↑ 5.15	↑ 4%	141.00	108.00	127.21
Winter 24	133.35	138.10	↑ 4.75	↑ 3%	153.75	125.35	141.80
Summer 25	109.75	109.15	↓ -0.60	↓ -1%	115.10	102.60	110.04
Winter 25	118.85	118.10	↓ -0.75	↓ -1%	124.35	113.60	119.75

\* Clean Spark Spread: the margin for gas fired power plants accounting for the difference between the power price, the cost of generation and the necessary emissions allowances required to produce it

# Monthly Report – November 2023

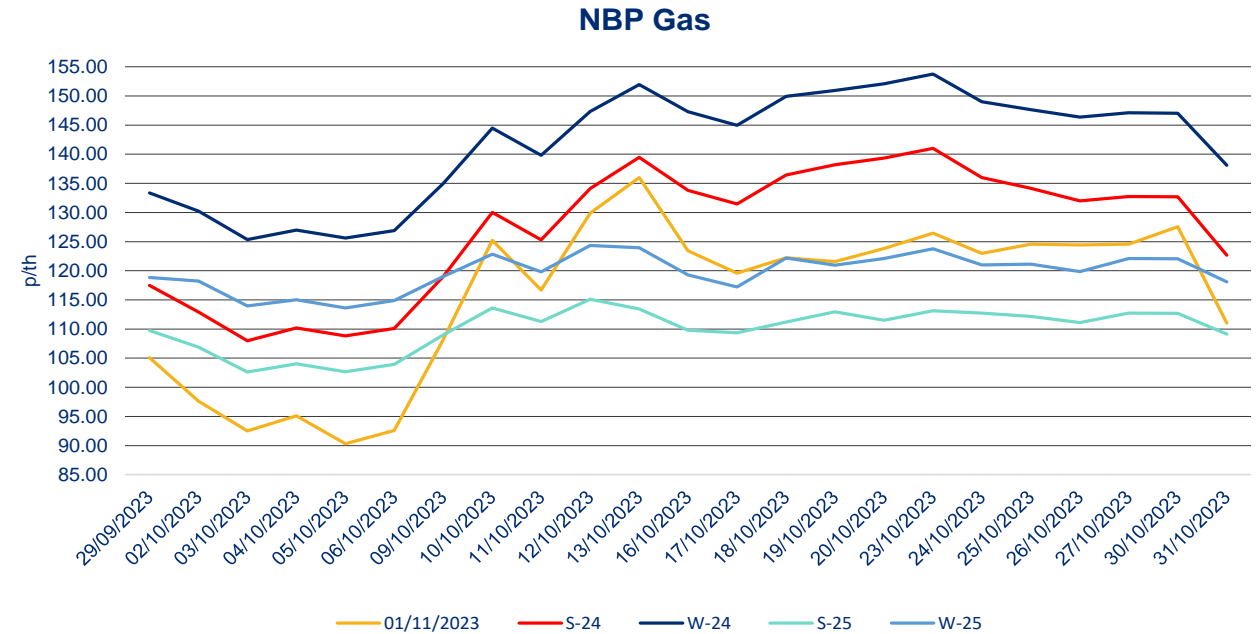
## Market Update – Gas

**Review:** October saw geopolitical risks return to influence the market. Events in Israel and Gaza have raised fears of escalation to a wider Middle East conflict.

News of a suspicious leak in the Baltconnector, a gas pipeline connecting Latvia and Estonia, rekindled fears triggered by last year's Nordstream pipeline attack.

Amidst the bullishness the fundamentals provided a counterbalance. Norwegian flows have returned following the end of scheduled Summer maintenance. Storage levels in Europe are near capacity. High renewables output reduced the need for gas fired generation.

**Outlook:** Focus set to remain on Israel/Gaza. Large US presence in the region to guard against any potential disruption to LNG supplies routed through the Straits of Hormuz and the Suez Canal.



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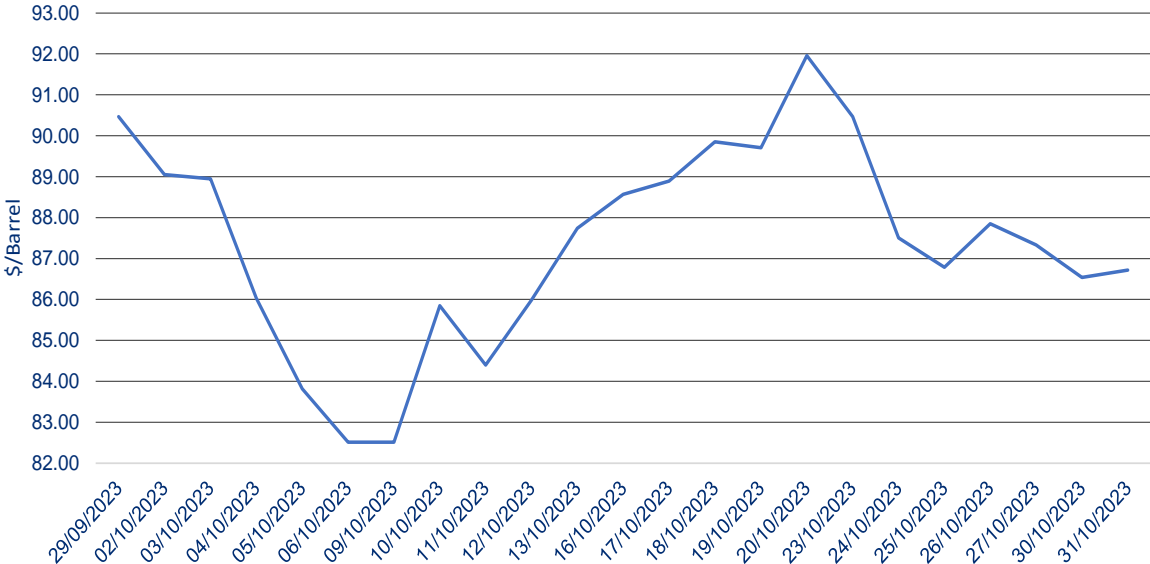


## Market Update – Oil

**Review:** October began with an aggressive sell off. A build in US stocks, especially gasoline, signalled the end of the summer driving season. The sell off reversed on the news of a potential Israeli invasion of Gaza following the attacks by Hamas. US drone strikes hit targets in Iraq and Syria. The interception of missiles fired by Houthi rebels from Yemen towards Israel, prompted fears of a wider conflict in the Middle East.

**Outlook:** A potential tightening of US oil sanctions on Iran, a key sponsor of Hamas, could stoke tensions further.

Front Month Brent



Brent (\$/Barrel)	Sep-23	Oct-23	Change	% Change	High	Low	Average
Front Month	90.47	86.72	↓ -3.75	↓ -4%	91.955	82.515	87.37

# Monthly Report – November 2023

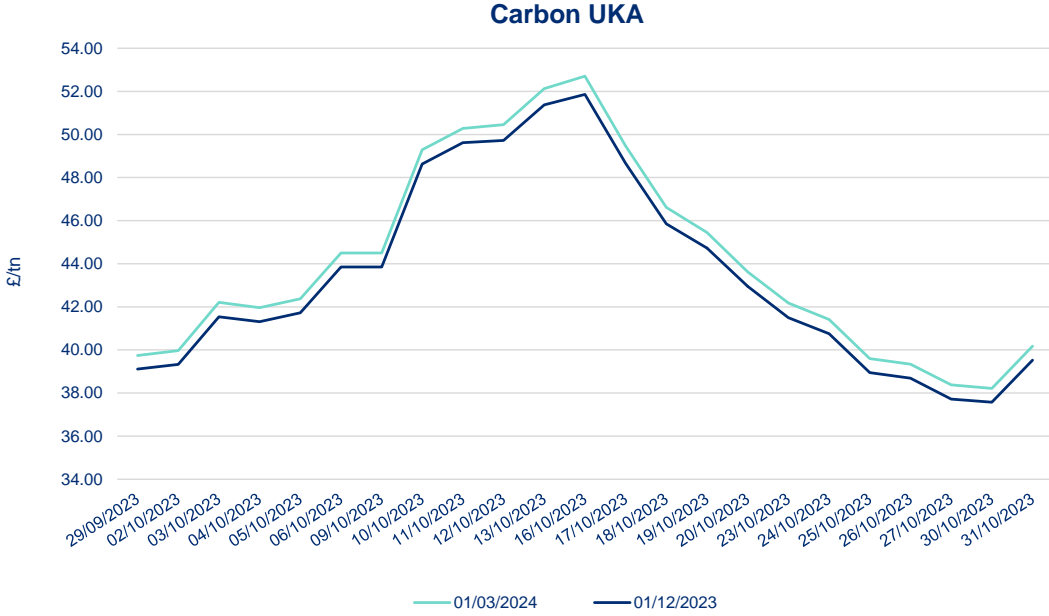


## Market Update – Carbon

**Review:** The UKA price moved in tandem with the lift in gas and power markets early in the month, before retreating as mild, wet and windy conditions prevailed in North-West Europe, with high renewables output curtailing demand for allowances.

2023 GB industrial emissions are forecast at 51Mt, a 4Mt y-o-y drop due to slowing industrial activity.

**Outlook:** Little change in weather pattern for North-West Europe set to limit compliance purchasing in the near term.



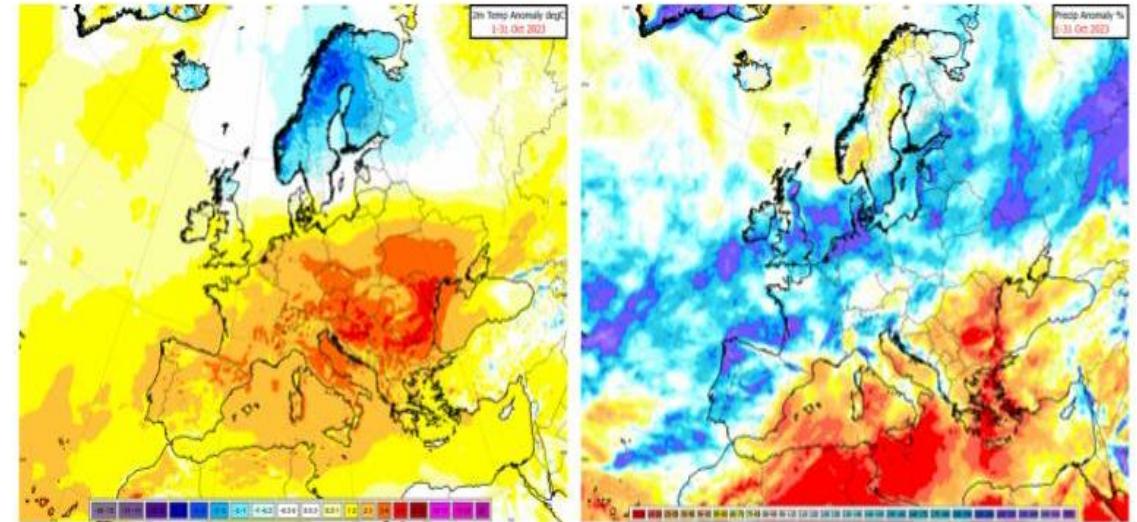
Carbon (£/ton)	Sep-23	Oct-23	Change	% Change	High	Low	Average
Dec-23	39.11	39.52	↑ 0.42	↑ 1%	51.86	37.57	43.43
Mar-24	39.74	40.17	↑ 0.43	↑ 1%	52.71	38.21	44.11

# Monthly Report – November 2023

## Weather Review

**Review:** October produced a couple of extreme rainfall events broken up by some drier weather. The big stories were in the temperatures and rainfall. This was due to high pressure near Iceland displacing the jet stream south into the continent, so instead of weather fronts moving into the UK as would normally be the case, they were heading into Spain and France. For the second half of October, easterly winds prevailed in Scotland, so Aberdeenshire was significantly wetter than normal – Storm Babet being an extreme outlier there. Most of Europe was warmer than normal in October and for the UK averaged temperatures, only 6 days were below normal. Scandinavia and the Highlands were the exceptions here, with some cooler air in place.

**Outlook:** For November, the large-scale weather pattern remains consistent, with low pressure systems in charge for northern Europe. The mild, wet and windy pattern is set to continue. There are no strong signals for any prolonged cold or dry weather coming up for the UK, but we may see a similar pattern to the second half of October, where high pressure to the north of the UK pushes the jet stream and weather fronts south, so France and Spain get the heaviest rain and Scotland ends up a little drier than normal.

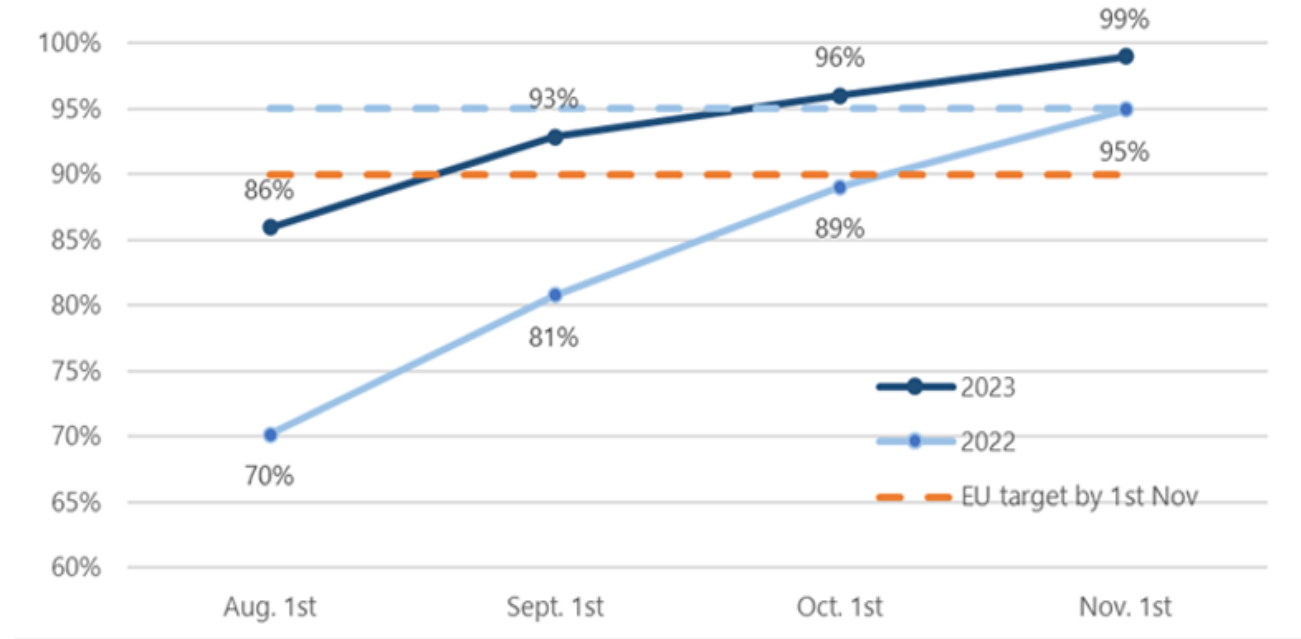


Temperature (left) and Precipitation (right) anomalies for August.

# Monthly Report – November 2023

## Market Theme – European gas storage at near capacity

The European Union has announced gas storage levels, as at the 1<sup>st</sup> November, are at 96% of capacity, exceeding the record volume in storage at the start of Winter 22 and above the mandated 90% level. That level was reached in mid-August, but injection into storage has continued throughout October, as a combination of warm temperatures curbed domestic demand and industrial usage across the continent remains subdued.



SOURCE: GIE (AGSI)