



Weekly Publication

UK Market (2019)

Week: 45

United Kingdom

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OVERVIEW

Front season power enjoyed a 0.55 per cent drop last week whilst front season gas receded even more - registering a 1.65 per cent decline.

Crude oil was relatively stable with a moderate loss of 0.81 per cent for the WTI benchmark. Brent was completely flat.

The pound is now stable around the 1.15/1.16 mark against the euro with little real direction either way last week. Sterling jumped a per cent against the dollar.

European was down 1.26 per cent for the week, with carbon climbing back over €25.

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UK Currency

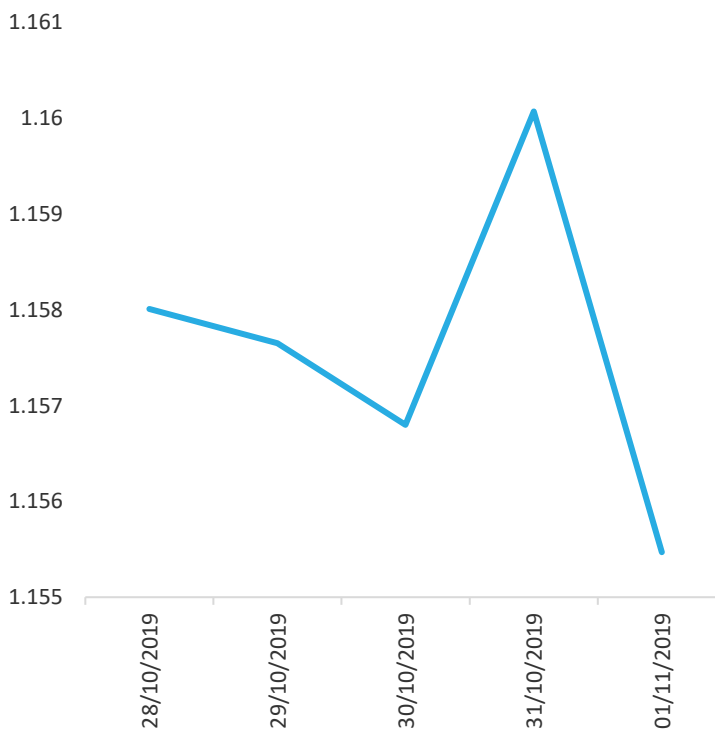
CURRENCY

There has been a healthy boost to sterling, and relative stability for currency markets in general, since Boris Johnson announced his surprise Brexit deal a few weeks back. The pound had its best monthly performance in more than a decade in October. The general election that was subsequently backed by a majority of MPs has done little to reverse that climb.

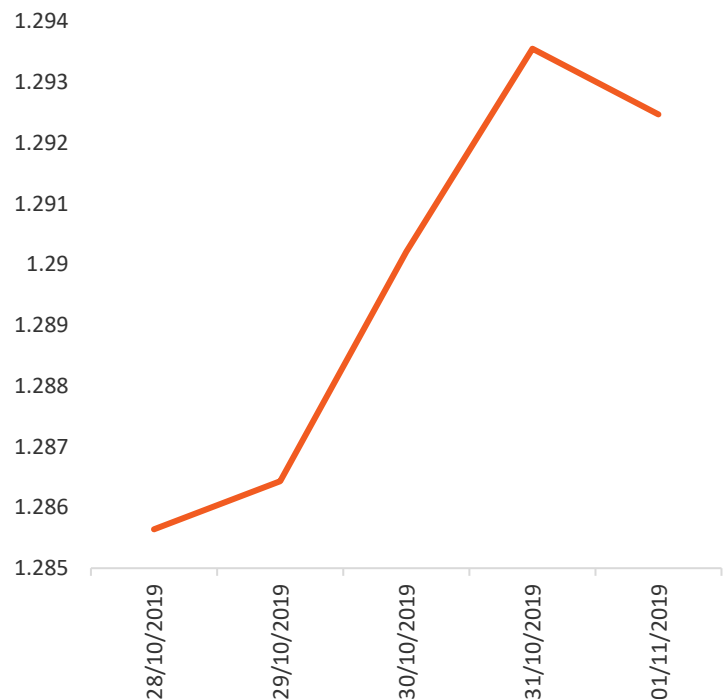
Analysts are divided on the future direction of the pound. The uncertainty of a no-deal Brexit, and the economic risk strapped to it, seems to have dissipated in recent weeks. This has led some to hypothesise a majority government would be advantageous for the economy, as it could press its vision for Brexit through Parliament and end the gridlock that has set the current government in its tracks.

The other school of thought is weary that a Conservative majority reopens the possibility of a cliff edge no-deal Brexit at the end of the extension period used to negotiate a free trade agreement with the EU. For now, expect currency direction to follow the various general election polls.

Pound/Euro



Pound/Dollar



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UK Equities

EQUITIES

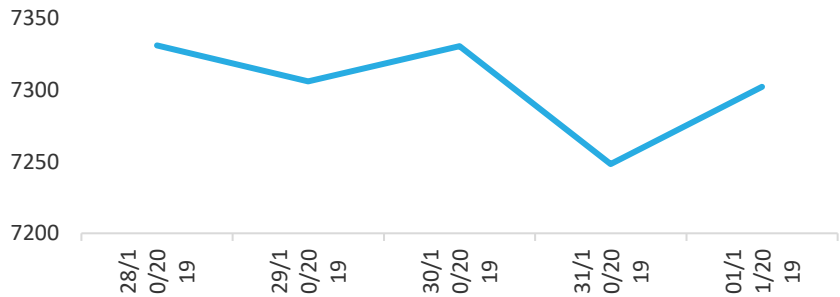
US and Asian stock markets are following the development of trade talks between the US and China with an optimistic eye. Wilbur Ross, the US commerce secretary, said that he was “quite optimistic” over the obstacles that needed to be overcome during the first phase of trade negotiations.

In a further boost to markets, US jobs were positive and showed that the doom and gloom over manufacturing growth was not necessarily wholly justified.

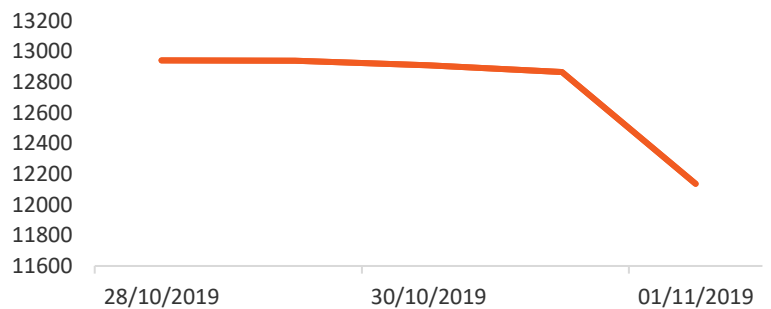
The majority of European markets felt the bounce from a thawing of trade relations between China and the US towards the end of the week – The continent’s broad Stoxx 600 was up 0.3 per cent and London’s FTSE 100 added 0.1 per cent.

In Asia, Hong Kong’s Hang Seng index climbed 0.6 per cent higher on Thursday.

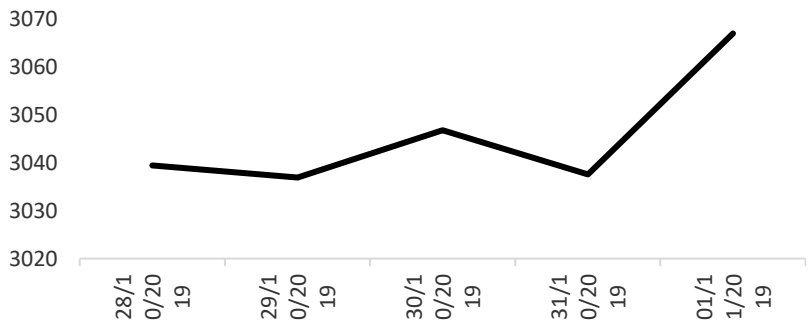
FTSE



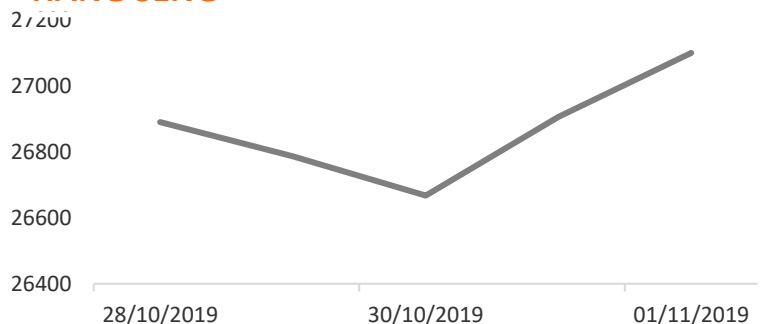
DAX



S&P 500



HANG SENG



United Kingdom

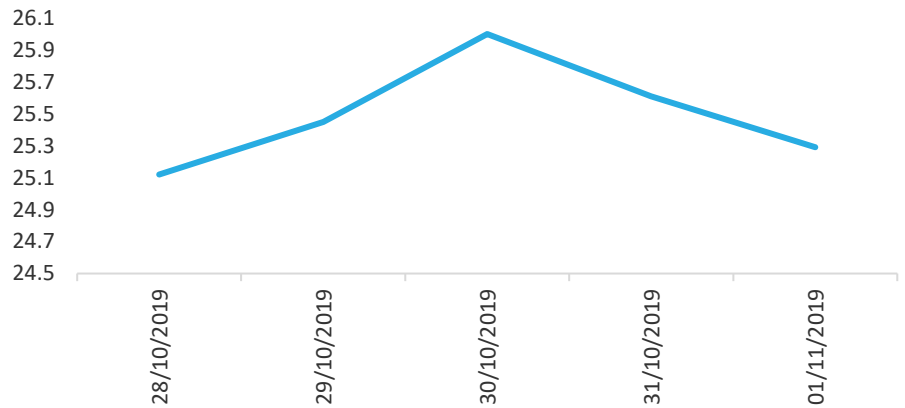
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UK Carbon/Coal

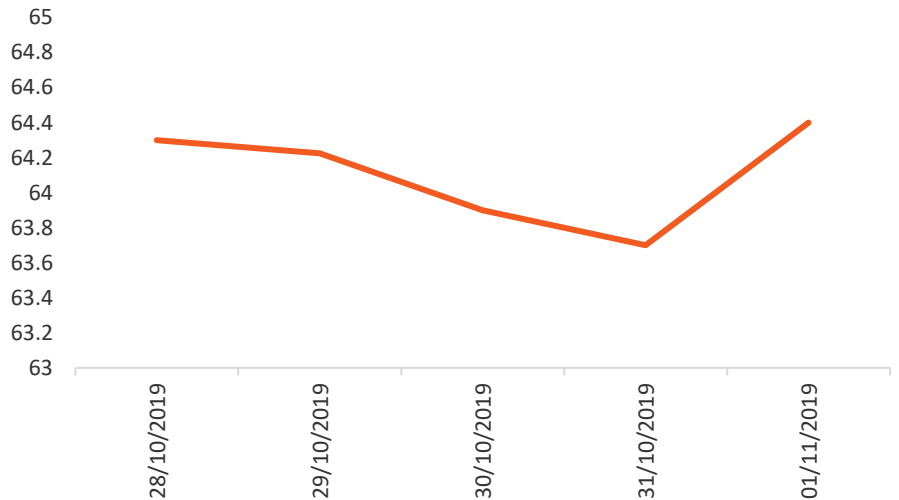
Carbon (€)



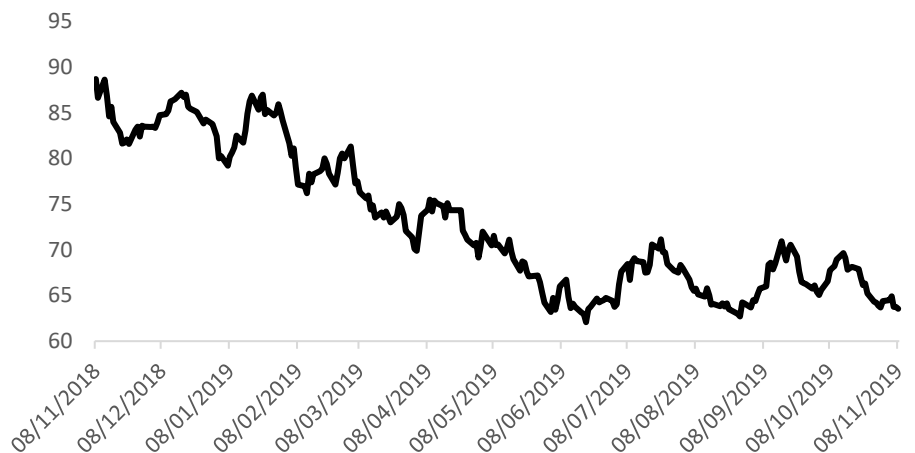
COAL/CARBON

Coal is still bearish, although not to the same degree as earlier in the year. EUAs lifted on Wednesday to edge away from the sub-€24 one-month low of the previous session due to positive economic data and a lack of auction activity.

Coal Within Week



Coal (Annual)



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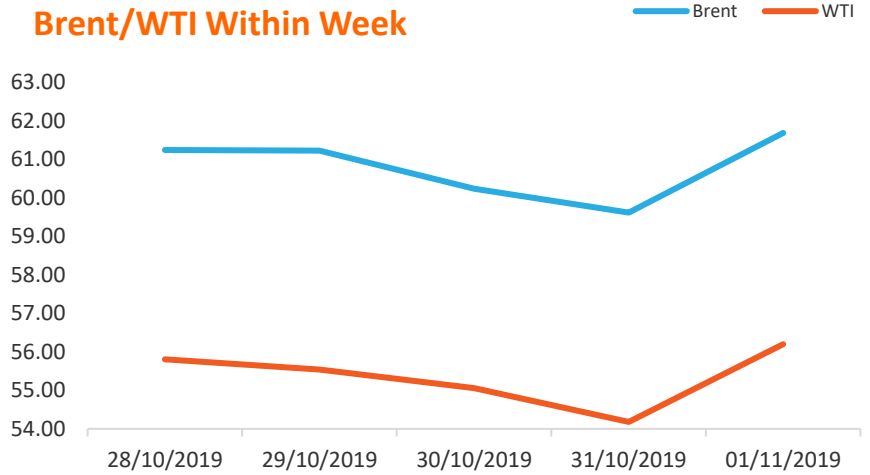


UK oil

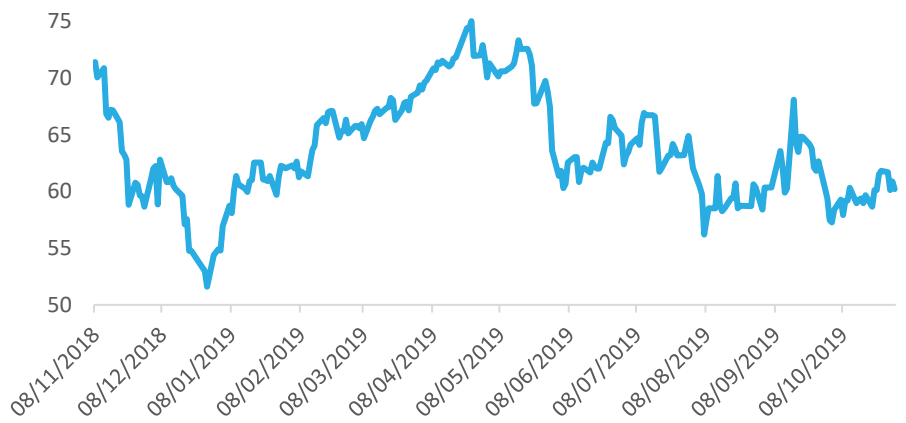
OIL

Opec forecasts falling demand for its crude over the next five years as US shale oil and other production from outside of the cartel continues to dominate supply growth, the exporter group said on Tuesday. Opec oil supply is expected to fall to 32.8m barrels a day by 2024, from 35m b/d in 2019, the cartel's research arm said in its annual oil market report — down more than 6 per cent over the period. Production from outside of Opec — led by US shale oil supplies — is expected to swell to 72.2m b/d, from 64.4m b/d this year. This is up more than 12 per cent over the next five years. "Non-Opec supply prospects have been revised up sharply, as US tight oil, in particular, has again outperformed expectations," said Mohammad Barkindo, secretary-general of Opec. (Financial Times)

Brent/WTI Within Week



Brent (Annual)



Brent (Long View)



United Kingdom

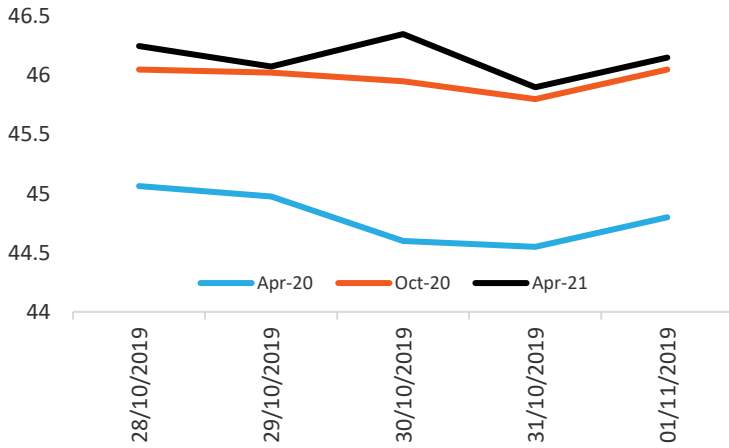
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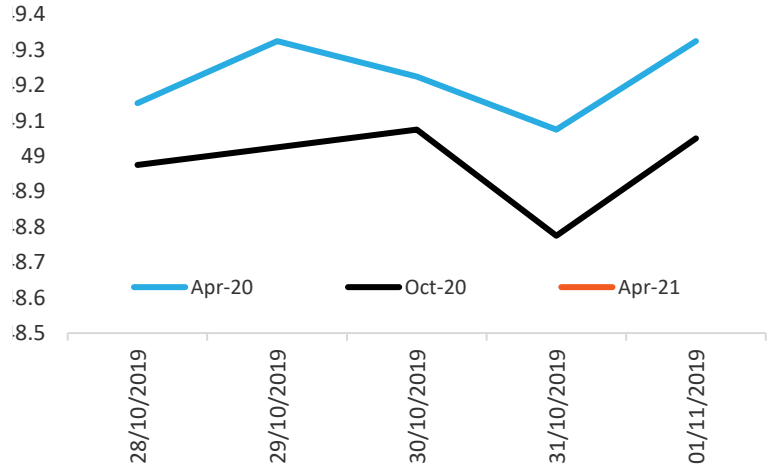


UK Power + Gas

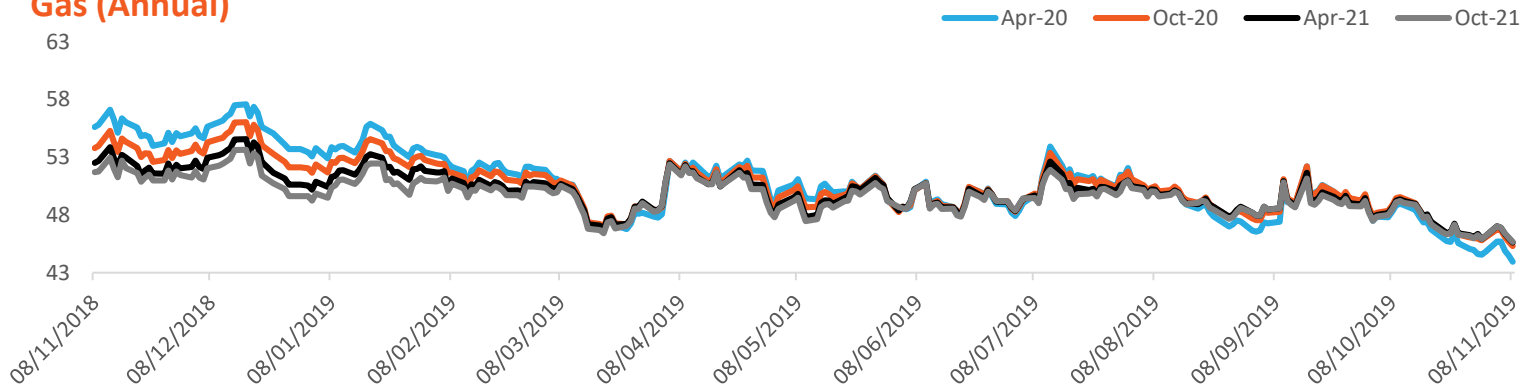
Gas Within Week



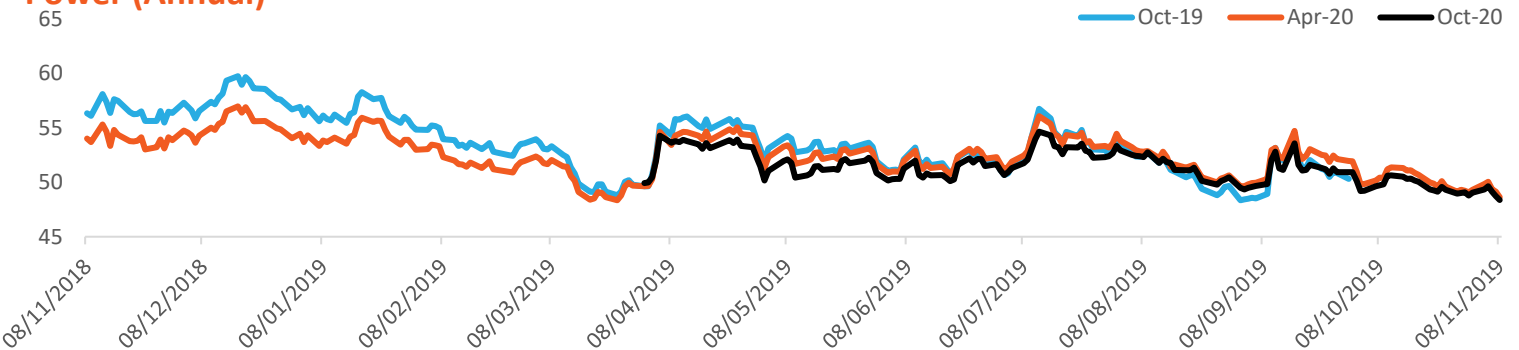
Power Within Week



Gas (Annual)



Power (Annual)



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