



Weekly Publication

UK Market (2019)

Week: 49

United Kingdom

Eutility, Suite 3, Station Court, Imperial Wharf, London, SW6 2PY

T: +44 203 068 0000 | F: +44 203 002 4670 | enquiries@eutilityuk.com | www.eutilityuk.com



OVERVIEW

Since the last report (2 weeks) power has dropped 5.65 per cent when looking at the season ahead. Gas has dropped 10.33 per cent in the same time period.

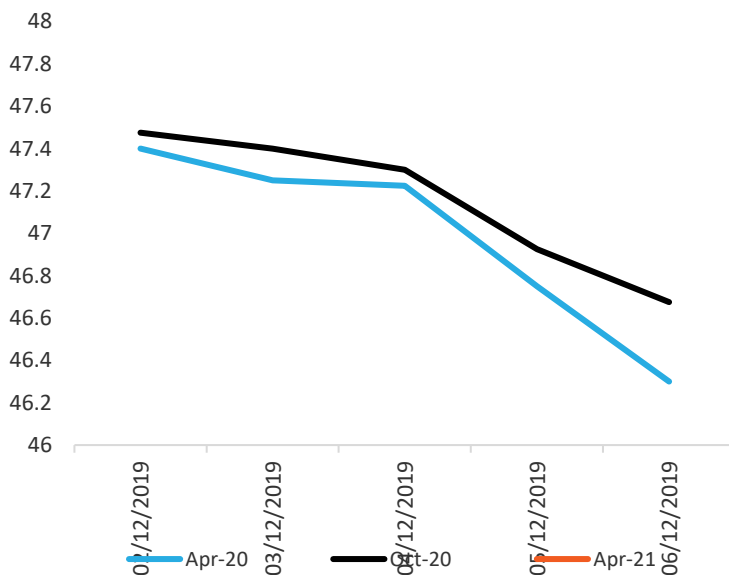
US stocks are hovering in anticipation of a US-China trade deal with no discernible movement as of yet.

The pound has boosted significantly in favour of a Conservative majority. Something that was confirmed this morning with further boosts to sterling.

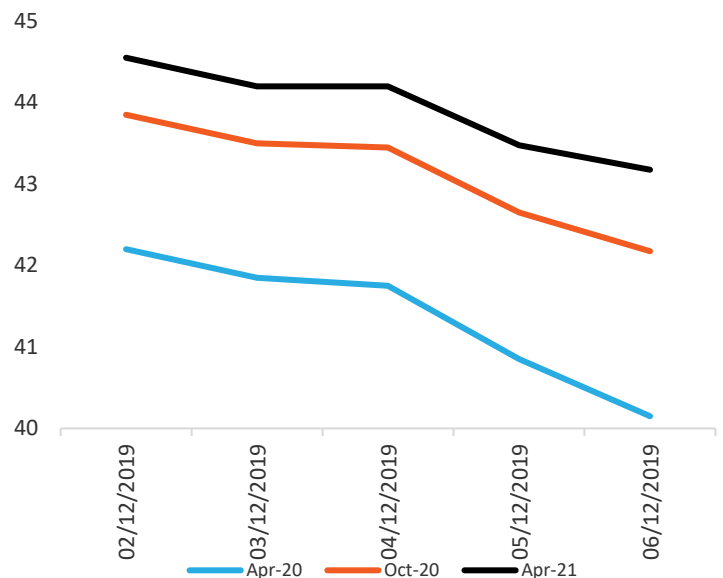
Oil markets continue to climb. Brent crude was up 3.24 per cent and WTI was up 2.48 per cent.

Coal continued its step down, dropping 6.73 per cent in the last fortnight. Carbon strengthened 1.46 per cent.

Power Within Week



Gas Within Week



United Kingdom

Eutility, Suite 3, Station Court, Imperial Wharf, London, SW6 2PY

T: +44 203 068 0000 | F: +44 203 002 4670 | enquiries@eutilityuk.com | www.eutilityuk.com

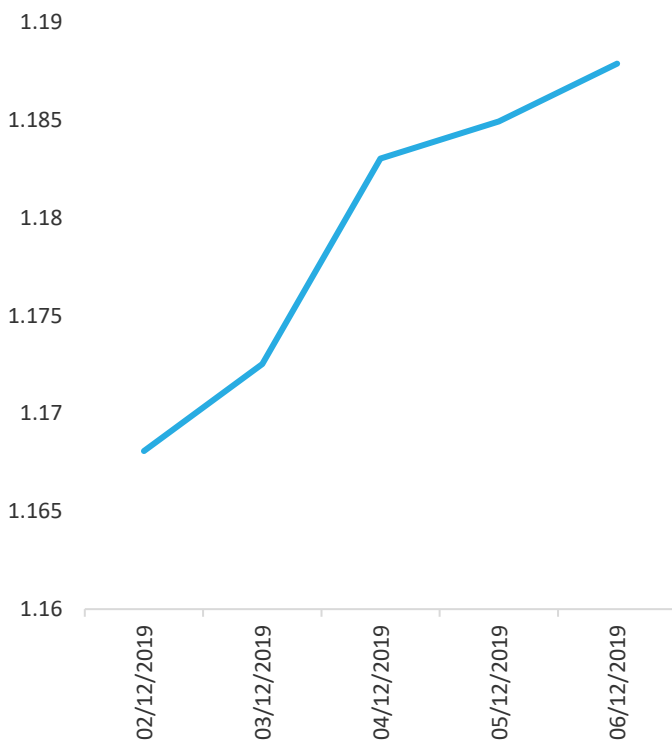


UK Currency

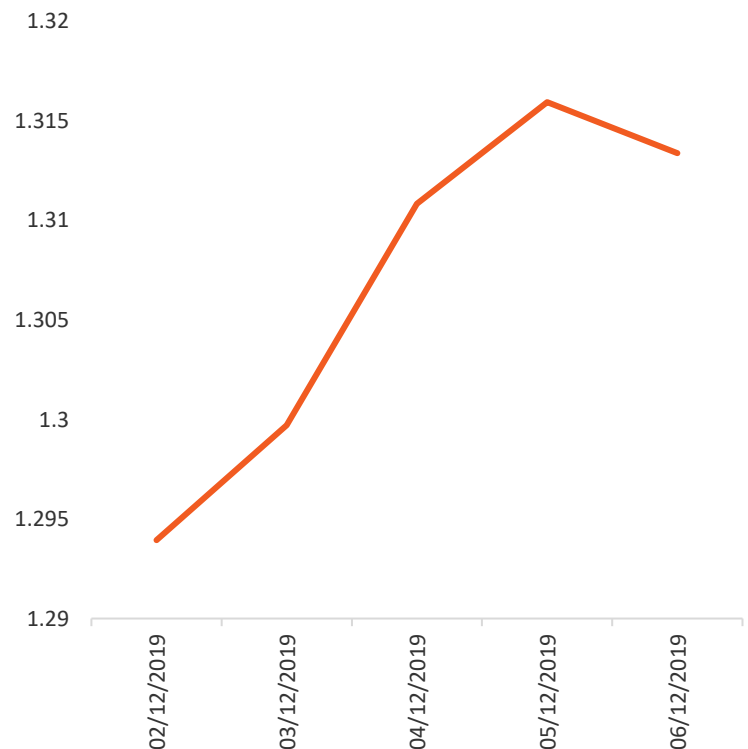
CURRENCY

The pound rose to its highest level since May against both the dollar and euro, notching up a second day of strong gains as traders bank on a Conservative victory in the UK general election. Against the dollar, sterling was up 0.8 per cent and approaching \$1.31 on Wednesday, its highest level under prime minister Boris Johnson. The pound jumped 0.7 per cent against the euro, reaching its highest level since May 2017 with £0.8455 needed to buy a unit of the single currency. The currency has risen 1.2 per cent mid-week against the buck, its biggest such gain since Mr Johnson's Brexit deal was unveiled in mid-October. Dean Turner, an economist at UBS Wealth Management, said: "As we write, the election is Boris Johnson's to lose." Neil Jones, head of FX sales for financial institutions at Mizuho Bank, said the market was continuing to cut back on sterling short positions and hedges in anticipation of a Tory victory. Markets view a healthy Tory majority as the best outcome for UK risk assets, at least in the short term, as it would lead to an orderly withdrawal from the EU at the end of January following years of uncertainty. This morning we have seen just that, and a healthy boost of the pound to match. (FT)

Pound/Euro



Pound/Dollar



United Kingdom

Eutility, Suite 3, Station Court, Imperial Wharf, London, SW6 2PY

T: +44 203 068 0000 | F: +44 203 002 4670 | enquiries@eutilityuk.com | www.eutilityuk.com

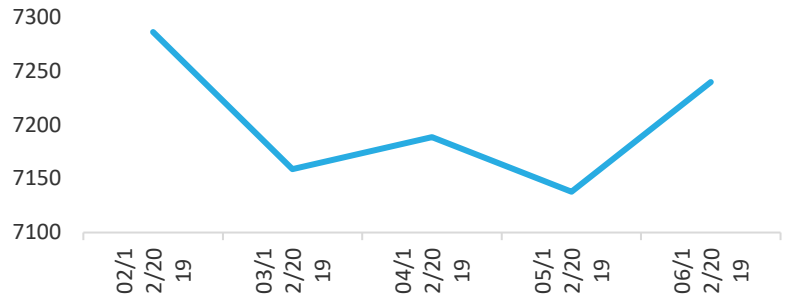


UK Equities

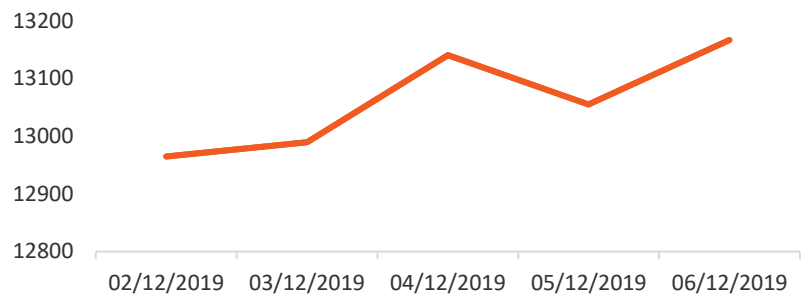
EQUITIES

US stocks bounced back on Wednesday, while Treasury yields also rose, as reports China and the US could be close to a trade deal breathed new life into risk assets. The S&P 500 closed 0.6 per cent, after losing a cumulative 1.5 per cent in the prior two days amid heightened trade tensions globally. The Nasdaq Composite was up 0.5 per cent, aided by gains in semiconductor shares. The Dow Jones Industrial Average jumped 0.5 per cent. European markets also recovered, with the continent-wide Stoxx 600 snapping four straight days of losses with a rise of 1.2 per cent. Markets are still highly sensitive to the contours of the trade dispute between the world's two largest economies. On Wednesday, Bloomberg reported Washington and Beijing are moving closer to agreeing the amount of tariffs that would be removed in any "phase one" deal. (FT)

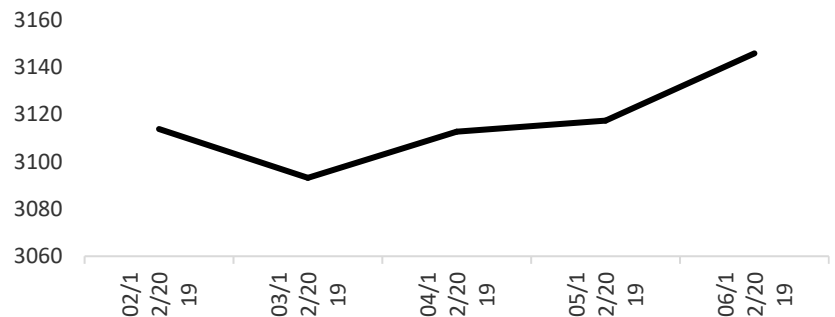
FTSE



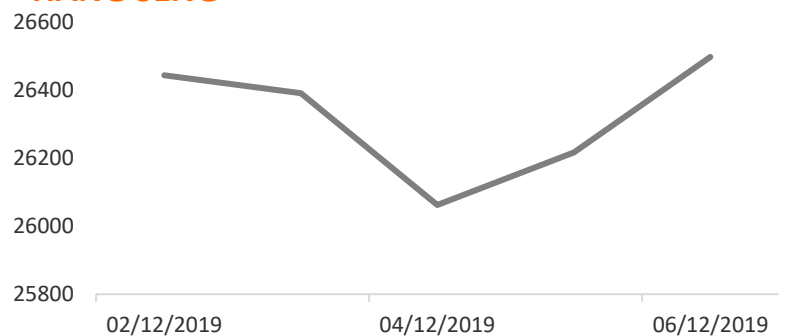
DAX



S&P 500



HANG SENG



United Kingdom

Eutility, Suite 3, Station Court, Imperial Wharf, London, SW6 2PY

T: +44 203 068 0000 | F: +44 203 002 4670 | enquiries@eutilityuk.com | www.eutilityuk.com



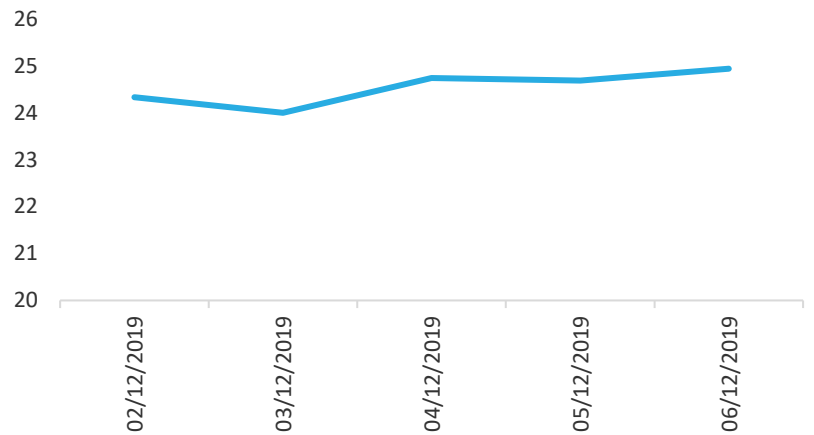
UK Carbon/Coal

COAL/CARBON

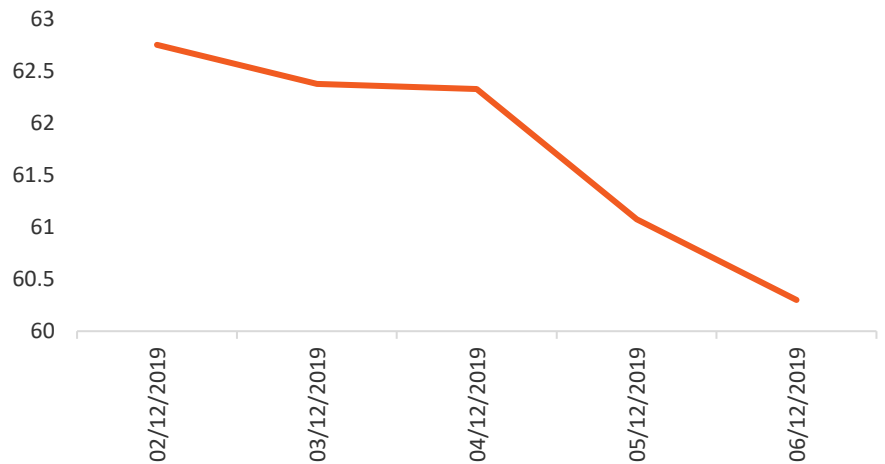
2019 has been a year of weakness for thermal coal markets, with API2 prices down more than 37% since the start of the year and trading down to levels last seen in 2016. The ramping up of LNG export capacity has increased the availability of cheaper alternative fuels for power generation, while in Europe stronger carbon prices mean that gas has been favoured as a feedstock over coal for power generation.

For 2020, it is difficult to see this trend reversing. LNG supply is expected to increase further which should keep gas hub prices relatively weak and, as a result, coal prices too. Furthermore, we would expect carbon prices in the EU to remain well supported, with the Market Stability Reserve managing carbon allowances in the market. We expect to see a general shift away from coal power generation to cleaner fuels elsewhere as part of the broader energy transition trend. (ING)

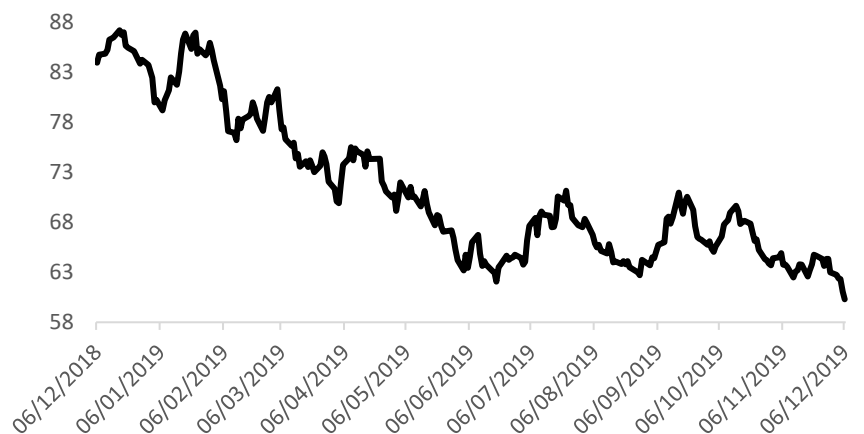
Carbon (€)



Coal Within Week



Coal (Annual)



United Kingdom

Eutility, Suite 3, Station Court, Imperial Wharf, London, SW6 2PY

T: +44 203 068 0000 | F: +44 203 002 4670 | enquiries@eutilityuk.com | www.eutilityuk.com

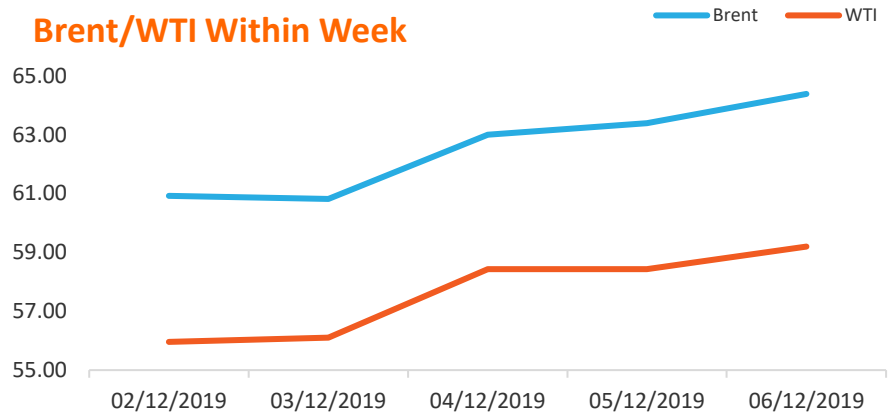


UK oil

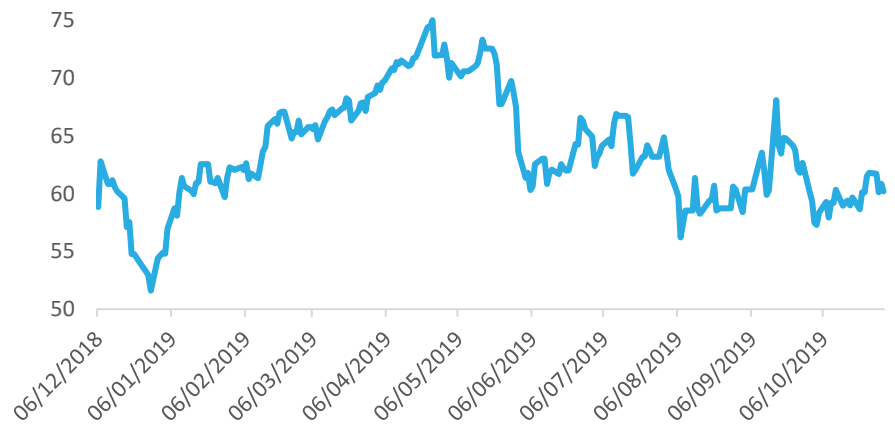
OIL

Talks between oil producers for deeper cuts to production ran late into the night last Thursday as Opec officials took longer than anticipated to come to an agreement. A preliminary meeting of ministers earlier in the day, involving Saudi Arabia and Russia, recommended that producers deepen existing production cuts of 1.2m barrels a day by 500,000 b/d to give a lift to a sluggish crude market. Alexander Novak, Russia's energy minister, said on Thursday that a committee of ministers had agreed to cut production until March 2020, when the current deal expires, by 1.7m b/d. (FT)

Brent/WTI Within Week



Brent (Annual)



Brent (Long View)



United Kingdom

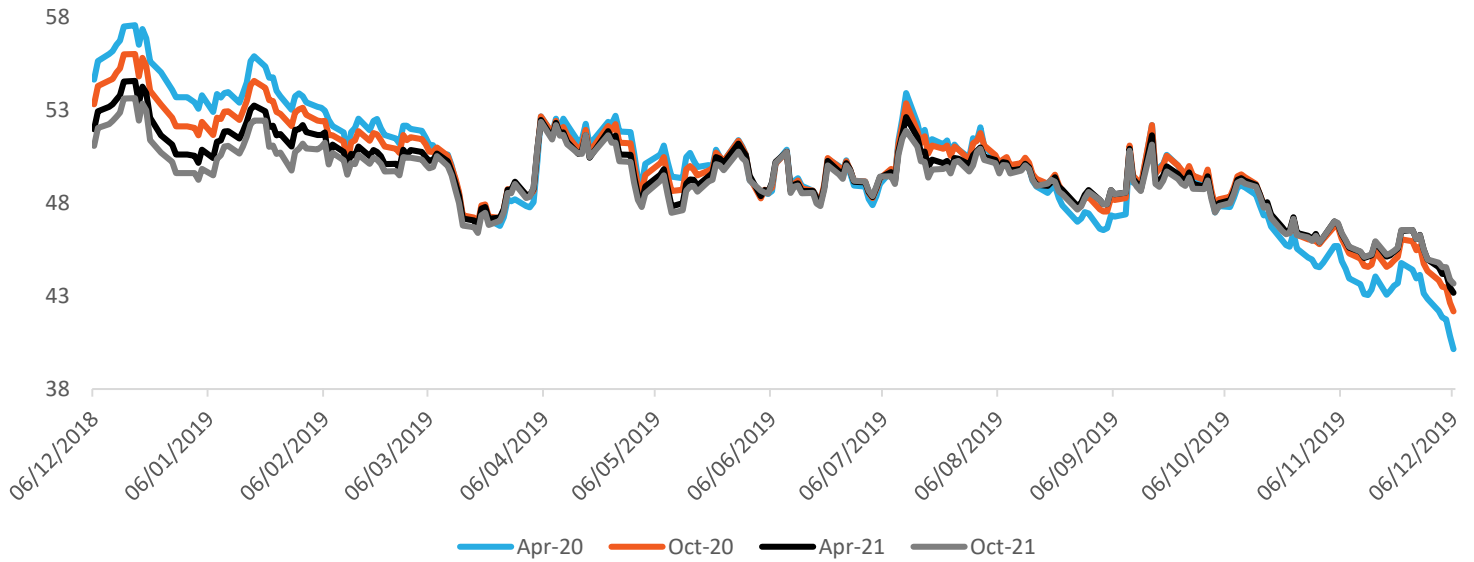
Eutility, Suite 3, Station Court, Imperial Wharf, London, SW6 2PY

T: +44 203 068 0000 | F: +44 203 002 4670 | enquiries@eutilityuk.com | www.eutilityuk.com

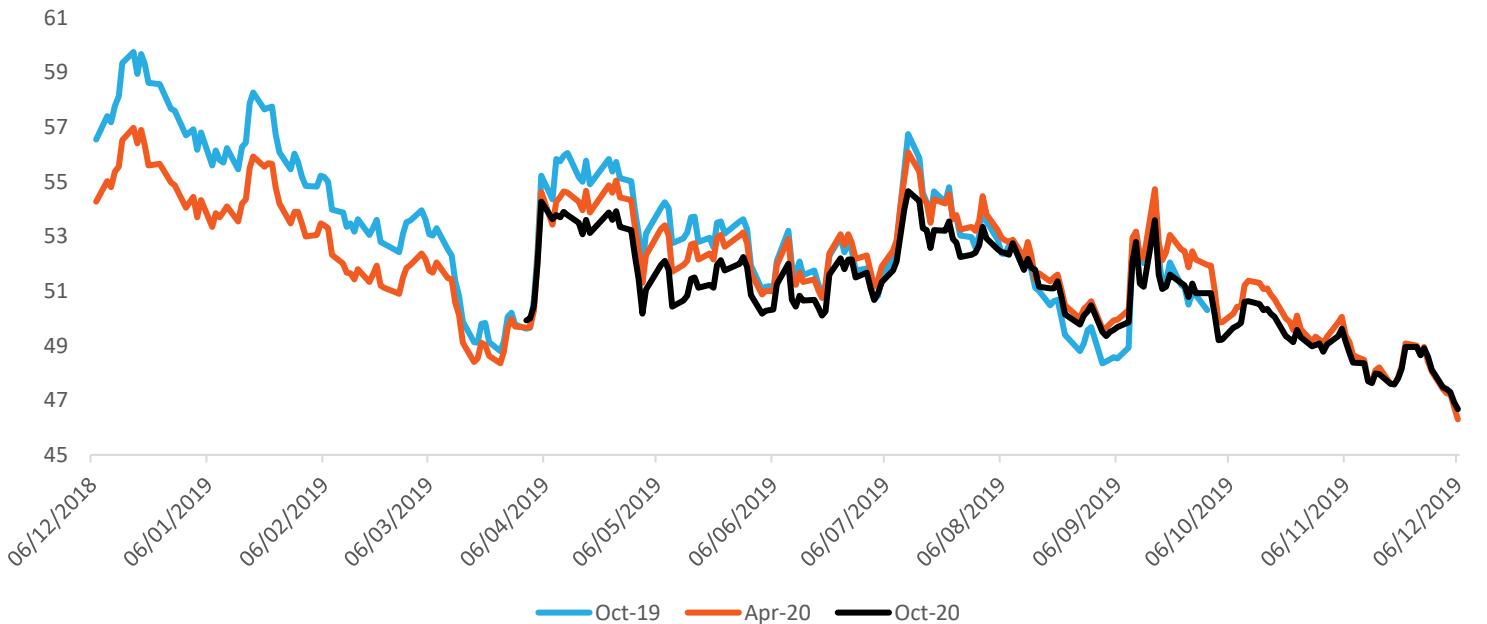


UK Power + Gas

Gas (Annual)



Power (Annual)



United Kingdom

Eutility, Suite 3, Station Court, Imperial Wharf, London, SW6 2PY

T: +44 203 068 0000 | F: +44 203 002 4670 | enquiries@eutilityuk.com | www.eutilityuk.com



DISCLAIMER

The information contained in this report is for general information purposes only. The information is provided by Professional energy Services t/a Eutility and while we endeavour to keep the information up to date and correct, we make no representations or warranties of any kind, express or implied, about the completeness, accuracy, reliability, suitability or availability with respect to the report or the information, products, services, or related graphics contained on the website for any purpose. Any reliance you place on such information is therefore strictly at your own risk.

In no event will we be liable for any loss or damage including without limitation, indirect or consequential loss or damage, or any loss or damage whatsoever arising from loss of data or profits arising out of, or in connection with, the use of this report.

Every effort is made to keep the report up accurate and informative. However, Professional energy Services Limited t/a Eutility takes no responsibility for, and will not be liable for, the report being temporarily unavailable due to technical issues beyond our control or any other operational event.



United Kingdom

Eutility, Suite 3, Station Court, Imperial Wharf, London, SW6 2PY

T: +44 203 068 0000 | F: +44 203 002 4670 | enquiries@eutilityuk.com | www.eutilityuk.com