

COMMODITIES – UK gas soars on cold spell, supply issues

(Montel Powernews) UK gas prices continue to surge on Monday, currently more than 25p up from the previous close and at their highest level for almost a year due to cold weather and tight supply, players said.

The within-day contract was last seen traded at 60p/th, up 25.50p on the previous close on 31 December, according to one broker.

“Prompt prices are at their highest level since last February. We are now seeing the effects of the UK’s import dependency when the continent as a whole is cold,” said Craig Lowrey, consultant at JC Rathbone Associates Energy.

UK gas demand was more than 100mcm above the seasonal norm at 447 mcm and the system was short, while imports through the Belgian-UK interconnector were only a third of the pipeline’s capacity at around 8 mcm, he said, adding flows through Norway’s Langede were also well below capacity at 42 mcm.

“The colder weather in the UK and on the continent suggests that supply may be tight over the coming two weeks,” said Andrew Horstead, analyst at Utiyx in London.

“The fact that there looks to be no forecast improvement in the weather conditions for the rest of the week means that we could be in for a bumpy ride over the next few days,” Lowrey said.

Oil rises

The front month contract for Brent North Sea crude oil was last seen changing hands at USD 79.53/bbl on the ICE platform, up USD 1.60 on Thursday’s close.

The contract had traded in a USD 78.34-79.83/bbl range to the time of writing.

On Nymex, the WTI February contract was last seen USD 1.52 higher at USD 80.88/bbl.

The cold weather was a key reason for rising oil prices, said one Finland-based trader, referring to increased demand in terms of heating oil.

As it was the first proper trading day of the year, players also appeared to be more on the buying side amid optimism about economic recovery, he added.

Coal prices in the API 2 window rose in line with a stronger energy complex and the cold spell, said traders.

The Cal 10 last changed hands at USD 89.75/t, up USD 2.65 on the previous close, according to one broker.

In the European carbon market, the Dec 10 EUA contract last traded at EUR 13.26/t, up EUR 0.73 on Thursday’s close.

Carbon was up on the back of the cold weather and rising fuel prices, players said.