

## Large movement in energy prices muted by currency fluctuations

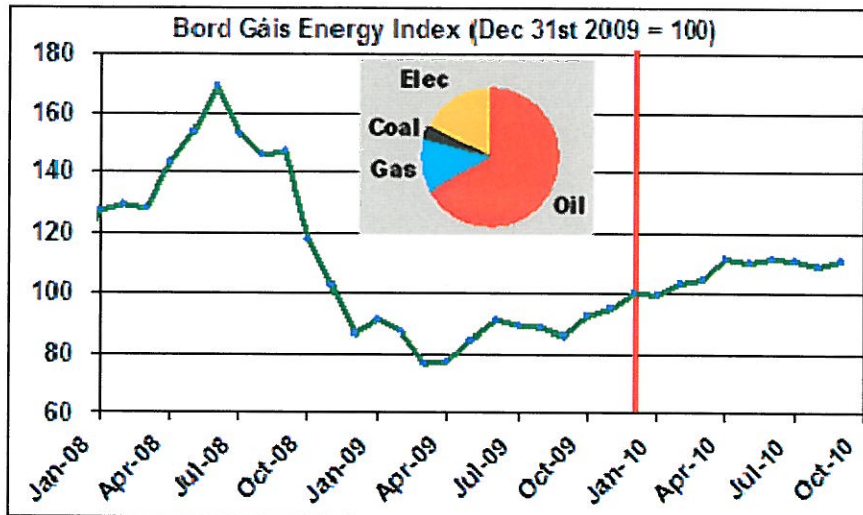
### - BORD GÁIS ENERGY INDEX INCREASES 2% IN SEPTEMBER -

The Bord Gáis Energy Index (BGEI), an Irish-specific index designed to measure the prices in the wholesale energy market, increased by 2% in September to 111. However the Energy Index would have reached a two year high if currency movements had not absorbed the increased prices in most of the commodities.

The strengthening Euro against the US dollar and sterling prevented the energy index from reaching 117, a level not seen since October 2008. The largest movement was by oil which increased by 10% (\$7.67) in September.

The index is designed to track movement in the wholesale energy market and comprises the four key energy commodities of **oil, gas, coal and electricity**. The index tracks the monthly price movements of these commodities, factoring in any currency shifts, and producing an overview and insight into the energy sector. Launched in May of this year, the new Energy Index is the first initiative of its kind in the Irish market.

- The price of oil increased in September from \$74 to \$82 per barrel.
- Natural gas prices were very volatile during the month and they fell to 33p/therm in the third week of September but a sharp increase in late September resulted in prices averaging 40.58p / therm.
- Coal prices were flat until the final week of September when prices per tonne increased to \$96.37 (from €93). This was on the back of higher oil prices.
- Electricity prices rose by €2/MWh to average €56 during September. Due to the darker evenings, the increased electricity demand has resulted in more expensive electricity 'peaking plants' being required to be called in to produce power.
- The Euro closed out Q3 with its biggest quarterly gain versus the dollar in eight years. The 11% rally from the early June lows reflects increased confidence surrounding the major Eurozone economies.
- Combined movements in the prices of the four commodities of natural gas, coal, oil and electricity resulted in an increase in the Energy Index of 2% on August's figures. The Energy Index now stands at 111.



**Commenting on the Bord Gáis Energy Index, Michael Kelleher, Energy Trading Analyst at Bord Gáis Energy, said:**

“September saw considerable movements in some of the key commodities, especially oil. However, a strong Euro cushioned the index from a two year high to a more modest 2% increase. The advent of winter is already having an effect on the index with electricity prices increasing as a result of the darker nights.

Currency movements will continue to have a major effect on Energy index movements – the inverse relationship between the US Dollar and oil prices was again evident in the back end of September.”

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