

MEDIA RELEASE

Bord Gáis Energy Index down 4% in July, but remains 43% higher year-on-year

The Bord Gáis Energy Index fell by 4% in July yet remains 43% higher than the same period last year. Increased supply from Libya, Saudi Arabia and Russia led to oil prices falling 7% in the month. Gas prices increased 3% month on month and 60% over the last year, due to a combination of constrained supply from Russia and increased demand from the recent heat wave. Though coal dipped 1% lower than June's prices, prices remained 15% higher than last year. Electricity prices also fell by 1%.

In July, the Bord Gáis Energy Index stood at 120 (-4%).

David Grainger, Energy Trader with Bord Gáis Energy said, "Prices retreated from recent highs during July as increased production from OPEC and Russia eased supply concerns in a tight oil market. However, all energy markets remain well above levels seen this time last year. The extreme weather seen in parts of Europe and Asia has also increased demand in what is typically a more benign time of year for energy demand. Prices remain on an upward path following the trend of the past year."

Oil fluctuates before settling at \$74.25...

It was a volatile month in the oil market as the Brent crude benchmark traded to a high of \$78.86 and a low of \$71.84 before settling at \$74.25, down 7% in euro terms on the month.

Brent had its biggest one-day drop since 2016 on July 11th, dropping over 7% to \$73.40, after Libya's state oil company said it would reopen four export terminals, boosting global supply. Saudi Arabia and Russia also increased supply over the month ending a supply restraint agreement in place since November 2016. This had helped rebalance the global oil market and supported the recovery in prices from the lows of \$27 in January 2016.

Attacks by Yemeni Houthi rebel forces on the Saudi tankers, coupled with Iranian threats to disrupt passage through the Strait of Hormuz, a key transit route for OPEC oil, highlighted increasing geo-political tensions in the region.

...while constrained supply and increased demand sees natural gas rise to 3%...

The NBP day-ahead contract, the price for gas delivered tomorrow, averaged 57.2p/th in July, which was a 3% increase from the average price in June and 60% above the comparable period last year.

To compensate for reduced Russian supply, caused by the Yamal pipeline being down for maintenance, exports through the IUK pipeline ramped up to over 40mcm per day. Injections into European storage also fell in response to reduced Russian flows. As a result,

the European storage deficit widened over the month to 3bcm as storage levels ahead of the winter continue to lag five-year averages.

The high temperatures across Europe throughout July, in both the UK and Europe, also supported prices as demand for gas fired power generation increased due to low winds and increased air conditioning demand.

... and coal drops 1% over June to sit 15% above last year...

Coal prices settled at \$95.10 a tonne in July, a drop of 1% in euro terms over the month but still over 15% above the comparable period last year.

Coal prices traded at their highest level in 6 years, with the front month coal contract trading above \$100 a tonne during July. Strong Asian demand continued to be the main driver of coal prices, while high temperatures and low wind led to increased coal fired power generation in Europe.

Toward the end of the month, coal drifted lower on bearish inventory data in Europe indicating comfortable stock levels.

... with electricity losing 1% in price from June...

When supplier capacity payments are excluded, wholesale electricity prices decreased by 1% over the month.

The clean spark decreased to €8.58/MWh in July from €11.07/MWh in June. There was no significant change to wind output month-on-month with an hourly average of 458MW, versus 465MW the previous month. The average proportion of demand met by wind in July was 12%.

... and the euro remaining relatively unchanged and stable.

The European Central Bank (ECB) left interest rates unchanged at its July meeting, reaffirming its intention to end quantitative easing and hold interest rates at their current levels through to the summer of 2019.

The euro gained against both Sterling and the US Dollar in July, settling at 1.1705 against the dollar, a gain of 0.24% over the month, while it gained 0.74% against the Pound to finish the month at 0.8917.

For more information, see the full Energy Index at bordgaisenergy.ie/energyindex/.

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About Bord Gáis Energy



Bord Gáis Energy is a gas energy and services supplier in the Republic of Ireland. The company has been in operation since 1976 and currently supplies energy and services to over 730,000 business and residential customers. In 2014, Bord Gáis Energy became part of the global Centrica plc Group.