

MEDIA RELEASE

Bord Gáis Energy Index fell 3% in October however remains 38% higher year-on-year

The Bord Gáis Energy Index fell by 3% in October however remains 38% higher than the same period last year. Oil prices dropped 6% over the month, finally settling at \$75.47 a barrel on concerns that weaker global growth would hit oil demand. Gas prices also dropped 7% month on month but remain over 49% above the comparable period last year. Coal prices settled at \$97.55 a tonne in October, in line with September and 6% higher than last year, while Electricity prices increased by 3%.

In October, the Bord Gáis Energy Index stood at 126 (-3%)

David Grainger, Energy Trader with Bord Gáis Energy said, *'Energy prices were mixed this month with oil and gas falling whilst coal and electricity remained relatively stagnant. All components however continue to remain well above the levels seen at this time last year. Weakening global economic growth and falling stock markets were key drivers of the oil price during the month whilst warmer temperatures and robust Russian and Norwegian imports pushed down gas prices.'*

I-SEM (Integrated Single Electricity Market), the new power market was established on the 1st October and has brought in fundamental changes, moving from a single sided auction to double sided auctions and increased integration across European markets. It is anticipated the new market will improve the efficient flow of energy from cheaper sources of generation to higher priced regions.'

Oil drops to \$75.47..

Oil prices were trading close to a four-year high of \$85 a barrel at the start of October, driven by concerns that imminent U.S. sanctions on Iran would tighten oil markets globally; however, by mid-October, prices had dropped back to \$80 a barrel, tracking a fall in global stock markets. By the end of the month oil prices had settled at \$75.47 a barrel, a 6% drop in euro terms over the month. In euro terms, the oil price is 27% higher compared to the same period last year.

The market is keenly anticipating November 4, when Iranian sanctions come into full effect with oil exports from Iran already fallen by 700,000 barrels per day since May. Crude prices slumped to the lowest level in over three months towards the end of the month on continued assurances from Saudi Arabia that it would raise production to record levels to compensate for lower Iranian exports.

...while gas traded 7% lower..

The recent upward momentum, which pushed gas prices to multi-year highs, came to a halt in October. The NBP day-ahead contract, the price for gas delivered tomorrow, averaged

67.21p/th over the month. This is a 7% decline from the previous month, however, gas prices remain over 49% above the comparable period last year.

The combination of warmer temperatures throughout October, a sudden surge in LNG arrivals, robust Russian and Norwegian imports and reduced exports to the Continent weighed on gas prices.

The improving fundamental picture, with a continuing benign weather outlook and continued LNG arrivals into November, helped alleviate concerns that the system would struggle to balance in the event of a cold winter.

... coal remains in line with September...

Coal prices settled at \$97.55 a tonne in October, in line with September and 6% higher compared to the same period last year.

Coal stocks in Europe hit a 4-year-high in October, due to low Rhine levels restricting coal deliveries to power plants. This has been further impacted by a reduction in coal railings, the main alternative to barging down the Rhine.

Asian demand for coal continues to increase at a strong pace. China and India coal fired power generation grew by 4% and 13% respectively over the past year according to the IEA.

... electricity gained 3%...

Monday 1st October saw the introduction of a new power market, the Integrated Single Electricity Market (I-SEM) replacing the Single Electricity Market. The new market has brought in fundamental changes, moving from a single sided auction to double sided auctions and increased integration across European markets. It is anticipated the new market will improve the efficient flow of energy from cheaper sources of generation to higher priced regions.

The average portion of demand met by wind in October was 32%.

... and the euro losing value against the pound and the dollar.

The euro lost value versus sterling and the US dollar in October. The euro settled at \$1.1306 versus the greenback, a loss of 2.65%, and at 0.8865 versus the pound, a loss of 0.4%.

The US dollar pushed higher over the month as the US economy continued to perform strongly with unemployment falling to 3.7%, the lowest in 50 years whilst the pound was supported in October by hawkish comments from the Bank of England signalling that UK interest rates could rise at a faster pace if the Brexit process was concluded successfully.

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

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About Bord Gáis Energy

Bord Gáis Energy is an 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.