



**ginger**  
ENERGY

# Energy Market Report

January 2023

2<sup>nd</sup> February 2023



# Gas

**A warm winter so far combined with strong LNG supply has left Europe with very high storage levels for the time of year.**

**This has all but eradicated fears of gas shortages over the remainder of the winter. These positive drivers have pushed seasonal prices shed value back to pre-invasion levels.**

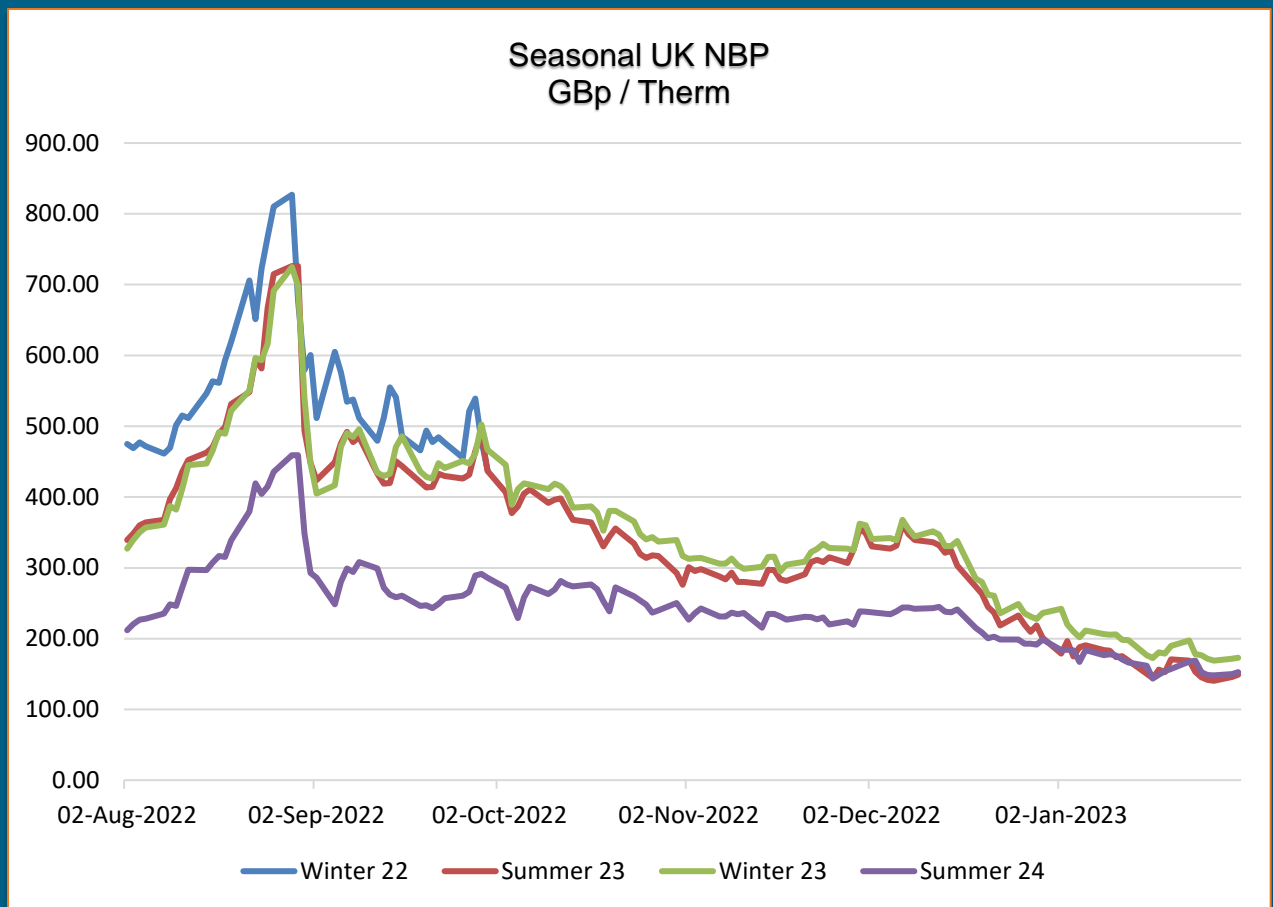
Through January the NBP Day Ahead price stabilised compared to recent months remaining somewhere between 135p/th and 180p/th. Fluctuations occurred in line with demand spikes due to cold weather spells and minor supply changes but these movements were contained due to strong LNG supplies and high storage levels.

Further out seasonal prices continued the downward momentum seen through the back half of December. The largely mild winter weather and strong LNG supplies created a strong storage position across Europe alleviating, for the time being, gas shortage fears. Summer 23 gas prices have reached levels not seen since before the Russian invasion of Ukraine losing around 55% since the middle of December and 80% from market highs seen in August, ending January at around 150p/th.

Germany saw its new floating LNG terminal at Wilhelmshaven receives its first full cargo. Germany hopes to be able to replace all Russian gas with LNG by 2026 as they push ahead with more temporary LNG terminals, two more being imminent. These terminals aim to solve the problem in the short-term but they are believed to have a plan for a permanent solution in the not-too-distant future.

January saw the lifting of Covid restrictions in China but this is yet to really have an impact on LNG prices – however as their usage ramps up inline with economic recovery, LNG demand globally could rise significantly putting pressure on current price levels.

The market appears to have found a new range to settle in and seems to be considerably less volatile than we have seen for some time, which is a very welcome sign to the market. UK temperatures are currently forecasted to be just above seasonal normal for most of February, another welcome signal after the recent cold snap in January.



## Outlook Drivers

**Another cold snap has come and gone – providing reassurance to the market. Barring any sustained supply issues or prolonged cold weather the market may well see out the rest of winter without any without any major disruption.**

### Bearish signals



- NWE storage forecast to end February in line with historical highs.
- Weather outlook for February is close to seasonal normal.
- Freeport LNG terminal return due in February.
- Continued robust LNG cargo arrivals to support high gas storage volumes.

### Bullish signals



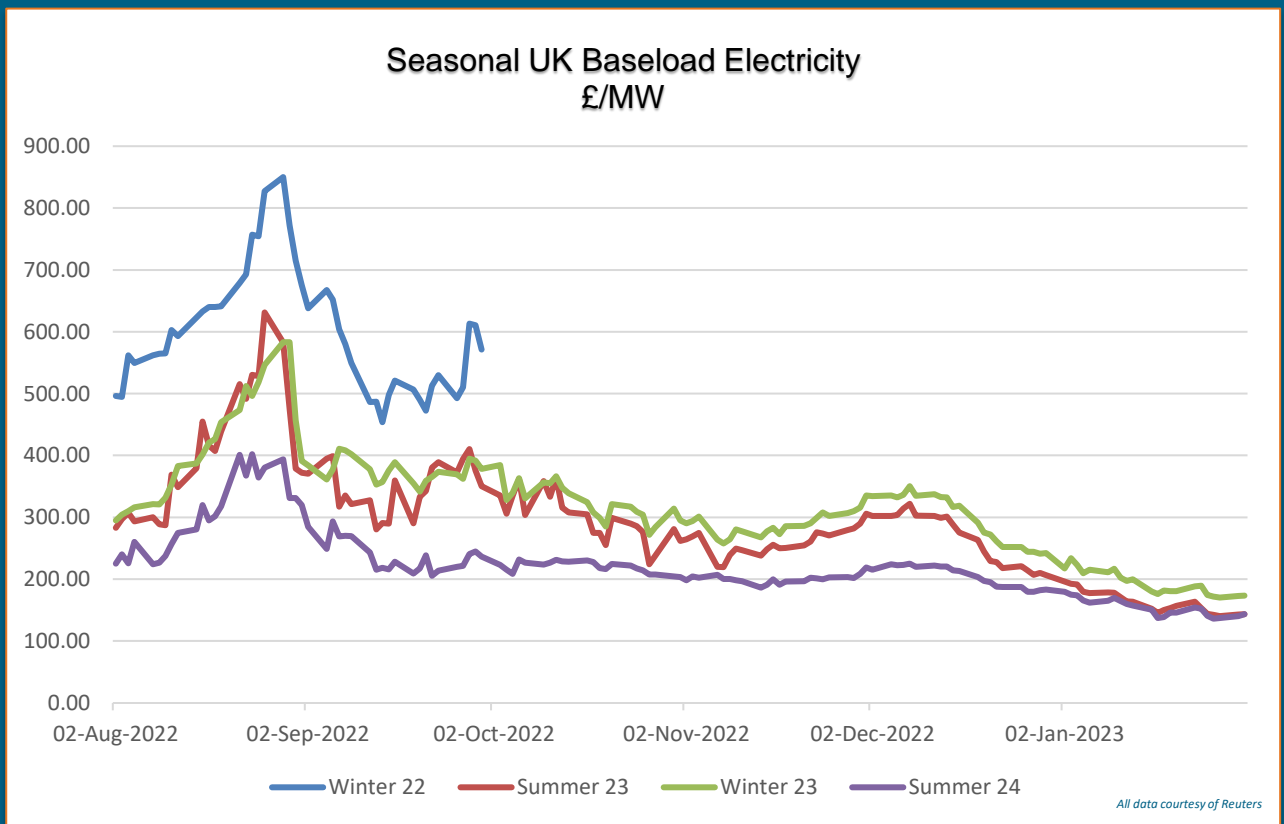
- A sustained shift in weather outlook to colder temperatures.
- Possibility of further delays at Freeport LNG terminal.
- Threat of Russian supply via Ukraine being cut or reduced – although bullish risk is diminishing the further we get through winter.

# Electricity



Electricity prices continued the downward momentum through January. The month started with strong winds which reduced the need for gas to be used to create power.

During the cold snap supply/demand balances tightened and domestic users were offered incentives to use less at peak times. However, this did not add pressure to seasonal prices.



## Price context

Seasonal prices continued to see significant losses throughout January with most moving down to levels not seen since before the invasion of Ukraine. Prices still remain roughly 3x higher than a pre energy crisis “average price”.

Elec	End January	Dec Report	End Jan Difference	Peak	End Jan Difference	Mid-Aug	End Jan Difference	Mid-July	End Jan Difference
S-23	150	204	-26%	575	-74%	375	-60%	255	-41%
W-23	179	234	-23%	587	-69%	389	-54%	267	-33%
S-24	140	183	-23%	395	-65%	279	-50%	166	-15%
<b>Gas</b>									
S-23	150	201	-25%	730	-79%	448	-67%	304	-51%
W-23	176	219	-20%	714	-75%	443	-60%	304	-42%
S-24	156	196	-20%	457	-66%	296	-47%	190	-18%





# Focusing our energy on yours

***Disclaimer:** The information contained in this document has been prepared in good faith by Ginger Energy and provides our views on current/future trends and outcomes, but, as with all forecasts dependent upon multiple, complex variables, there is no certainty whatsoever that our forecasts will turn out to be correct. The information may be based on licenced 3<sup>rd</sup> party data, publicly available sources, assumptions, and observable market conditions and may change without notice. No warranty, express or implied, is made as to the accuracy, correctness, fitness for purpose, completeness or adequacy of this information nor is it intended to serve as basis for any procurement decision and as such Ginger Energy shall not accept any responsibility or liability for any action taken, financial or otherwise, as a result of this information. Please note that this email is intended for the recipient only and may not be copied, reproduced, or distributed without the prior consent of Ginger Energy.*

The Cloisters, 12 George Road,  
Edgbaston,  
Birmingham.  
B15 1NP

**0345 307 3433**  
**[info@gingerenergy.co.uk](mailto:info@gingerenergy.co.uk)**  
**[www.gingerenergy.co.uk](http://www.gingerenergy.co.uk)**

