

## **Bord Gáis Energy Index Gains 4% In September**

The Bord Gáis Energy Index increased by 4% in September, the fifth consecutive month of gains since the Index hit a low in April.

Natural gas was again the strongest performer gaining 47% due to restrained supply into the European market as temperatures dropped and demand increased. Electricity prices gained 20%, while coal prices gained 10% driven by the higher gas prices. However, Oil, the largest component of the index, fell \$4 a barrel (8%) as escalating coronavirus infections across the globe heightened demand concerns.

In September, the Bord Gáis Energy Index closed at 68.

**David Grainger, Energy Trader with Bord Gáis Energy, said,** *“The Bord Gáis Energy Index rises again this month with an increase of 4%, the fifth consecutive monthly gain in a row. Natural gas prices were the single biggest increase in the Index from a price perspective, gaining 47%. However, oil, fell \$4 a barrel (8%) as escalating coronavirus infections across the globe heightened demand concerns. Electricity and coal prices gained 20% and 10% respectively driven in the main by the higher gas prices. As we move into the colder winter months, the probability of renewed lockdowns and increased economic disruption could put the Energy Index components under renewed pressure.”*

### **Oil drops by 8%...**

The recent recovery in oil prices, which rallied over the past five months, stopped in September as the Brent crude benchmark fell \$4 to settle at \$40.95 a barrel, a drop of 8% in euro terms.

Escalating coronavirus infections seen in recent weeks across the globe have heightened concerns that we may see renewed restrictions over the coming months as we enter the colder winter months. This increased probability of renewed lockdowns and increased economic disruption could put oil demand and prices under renewed pressure.

### **Gas continues to rally with a 47% gain...**

The NBP day-ahead contract, the price of gas for next day delivery, averaged 29.75p/th in September, a gain of 47% in euro terms. Reduced supply and seasonally higher demand led to tighter market conditions in the UK and Europe.

Gas supplies to Europe continued to be restrained over September as Norwegian maintenance peaked towards the end of the month and Russia continued to divert gas flows. In addition, the anticipated return of US LNG to European shores has been delayed as Asian demand picked up and exports from US LNG facilities continued to be disrupted following recent hurricane damage. The Cameron LNG terminal in Louisiana remains offline with reports suggesting it may be out through October.

The strength in the prompt coupled with concerns about US LNG helped support the front month October contract, which traded 5.3p/th higher to finish the month at 34.3p/th, a gain of 18%.

### **Electricity increases 20% in September...**



In September, the average day-ahead electricity price gained 20% averaging €44.30/MWh. The significant increase over the August average of €36.92/MWh was the result of continued increasing gas prices with higher average carbon prices also contributing to the rise.

Wind output was up 31% from an average hourly output of 967MW in August to 1269MW in September. Higher wind would ordinarily serve to reduce power prices, but the increase wasn't enough to offset the impact of higher gas prices.

### **Coal prices up 10% and the euro falls against the dollar...**

Coal prices performed strongly again this month, settling at \$57.2 a tonne, a gain of 10% in euro terms. Coal appears to have garnered support from the continued recovery in gas prices which has increased the competitiveness of coal for power generation.

The US Dollar broke a four-month losing streak in September on signs of improvement in the economy. The euro fell 2% to \$1.172 over the month, while continued Brexit uncertainty helped the euro climb 1.7% versus the pound to close the month at 0.908.

For more information, see the full Energy Index at [bordgaisenergy.ie/energyindex/](http://bordgaisenergy.ie/energyindex/)

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### **About Bord Gáis Energy:**

Established in 1976, [Bord Gáis Energy](http://BordGaisEnergy.ie) is an energy supply and services company with a strong Irish heritage. In 2014 the company became part of [Centrica](http://Centrica.com) plc, a leading international energy services and solutions provider that is founded on a 200-year heritage of serving people. Bord Gáis Energy supplies energy and services to hundreds of thousands of homes and businesses in the Republic of Ireland. We are focused on satisfying the changing needs of our customers, enabling them to transition to a lower carbon future.