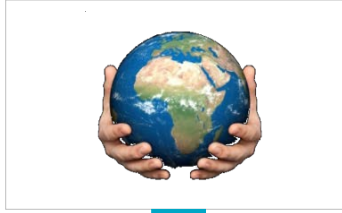
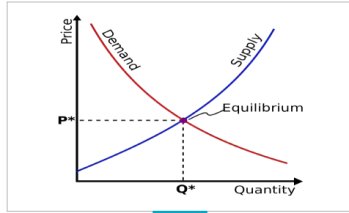
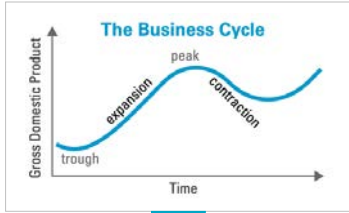


MARKET UPDATES

Matthew Osborne

Principal Risk Manager, Inenco

CURRENT PRICE DRIVERS



Macroeconomics

EU zone debt
Demand – emerging markets
Brexit

Fundamentals

US/AUS LNG
Weather
Margins

Geopolitics

Middle East
OPEC vs Oil Market
Ukraine

Technical Analysis

Market Uptrend
still intact?



LONGER TERM

LCPD/MCPD | Shale Development |
LNG - Asian Demand

CRUDE OIL

BULLISH

- Crude production fallen by > 1mbpd
 - Represents >80% compliance
- Russia also curtailing production
- Tensions between US and Iran may see further sanctions imposed



BEARISH

- Rising rig count and US production
- Rising US crude inventories now at record high levels.



GAS & POWER

BULLISH

- Rough announcement – no injections before 1/06/17 (further testing and announcements due)
- Short term NCS outages
- EU gas stocks below previous 3 years levels
- Rough storage at 17%
- LNG imports remain lower than previous winters
- Lower Russian exports to Germany

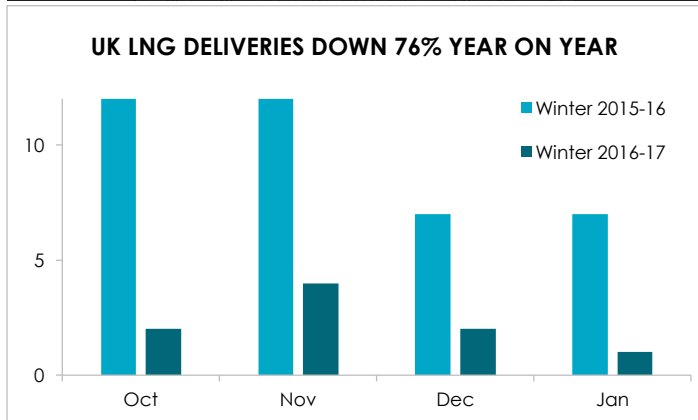
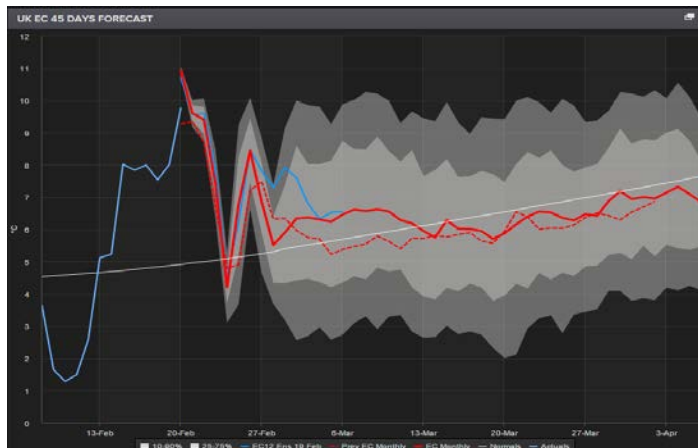


BEARISH

- Notably warmer weather until April
- The gas systems continues to be well supplied
 - Robust supply from Norway and UKCS
- Rough storage restrictions - bearish for Q2/ S17
- LNG should increase
- Stronger GBP
- Technical support levels may break



WEATHER FORECAST & GAS STOCKS



EXPECTED LNG ARRIVALS TO NW EUROPE
Tuesday, February 28th 2017, 8:34:50 am, Monika Suchomska

Date	Terminal	From	Vessel	Regas Volume (mcm)	Status
<i>UK</i>					
24.02.2017	Isle of Grain (A)	Dominican Republic	CADIZ KNUTSEN	89	Confirmed (AIS)
02.03.2017	Dragon	Peru	GALLINA	83	Not Confirmed
03.03.2017	South Hook	Qatar	ZARGA	159	Confirmed (Port Authority)
05.03.2017	South Hook	Qatar	MOZAH	159	Confirmed (Port Authority)
14.03.2017	South Hook	Qatar	AAMIRA	162	Not Confirmed

Source: Platts Analytics Eclipse Energy

S17/W17 GAS



S17/W17 POWER



LNG, LNG & MORE LNG

Is LNG the next energy bubble?

The Case Against

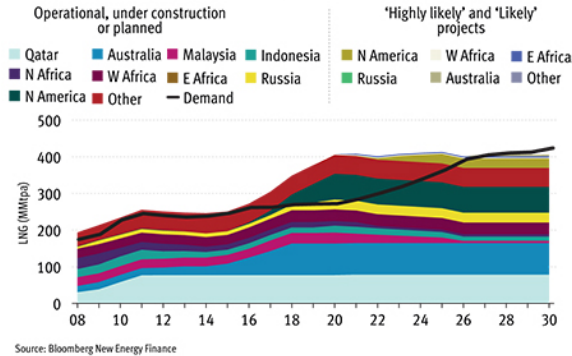
- 2016/17 supply proved less robust YoY (delayed trains, unplanned outages & Asian Demand)
- Have events dented the threat of what LNG will do?

The Case For

- Pivot towards renewables = massive LNG investment
- 51 Mtpa of liquefaction capacity added in 2017/18
- US exports surge 250% (2 trains at Sabine Pass H2'17)
- Australia's Gorgon train set to produce 6% of global LNG demand by 2020
- c15% of AU & c50% of US productions is uncontracted
- Faster than expected Japanese nuclear restarts

**Global LNG output to rise by c47% by 2020
Demand insufficient to absorb the scale of new capacity**

A decade of LNG oversupply?



US Henry Hub price forecasts, \$/mmbtu

	Q1	Q2	Q3	Q4	Annual	y/y change
2015	2.9	2.7	2.8	2.1	2.6	(40%)
2016	2.0	2.1	2.9	3.0	2.5	(4%)
2017	3.4	3.0	3.0	3.4	3.2	27%
2018	3.2	2.8	2.8	3.0	3.0	(7%)

Source: Reuters, Energy Aspects

SO WHERE NEXT FOR PRICES?

Price and forecasts

	Q1	Q2	Q3	Q4	Annual	y/y change
UK NBP	p/therm					
2015	48.1	44.8	41.4	37.0	42.7	(14.7%)
2016	30.5	31.4	31.1	45.9	34.7	(18.8%)
2017	47.6	39.1	35.1	38.0	40.0	15.1%
2018	40.9	31.8	29.4	32.9	33.7	(15.6%)
BELGIUM Zeebrugge	p/therm					
2015	46.4	44.2	41.4	35.7	41.9	(15.3%)
2016	28.9	30.1	31.8	44.0	33.7	(19.6%)
2017	46.9	39.6	35.6	37.5	39.9	18.5%
2018	40.2	32.3	29.9	32.4	33.7	(15.6%)
Netherlands TTF	€/Mwh					
2015	21.4	21.0	19.9	17.1	19.8	(5.3%)
2016	12.9	13.2	12.8	17.3	14.0	(29.2%)
2017	18.5	15.4	13.9	14.8	15.7	11.4%
2018	15.9	12.3	11.6	12.8	13.2	(15.6%)
GERMANY NCG	€/Mwh					
2015	21.6	21.1	20.1	17.3	20.0	(5.7%)
2016	13.2	13.3	13.0	17.4	14.2	(29.0%)
2017	18.8	15.5	14.0	15.1	15.8	11.4%
2018	16.1	13.7	11.7	13.1	13.6	(13.8%)
AUSTRIAN VTP	€/Mwh					
2015	22.3	21.5	20.8	18.0	20.6	(7.2%)
2016	13.6	14.1	14.0	17.8	14.9	(27.9%)
2017	19.5	15.9	14.4	31.1	20.2	36.0%
2018	16.9	13.1	12.1	27.0	17.3	(14.7%)

Source: Reuters, Energy Aspects

THANK YOU

Matthew Osborne, Principal Risk Manager, Inenco.

matthew.osborne@inenco.com