Weekly European Energy Report

nusconsulting GROUP | Energy Managed.

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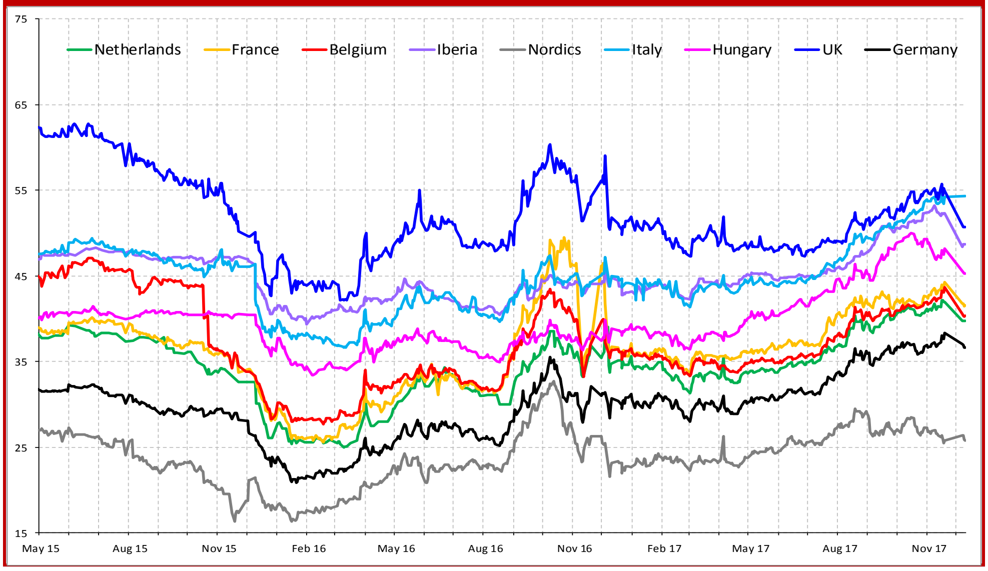
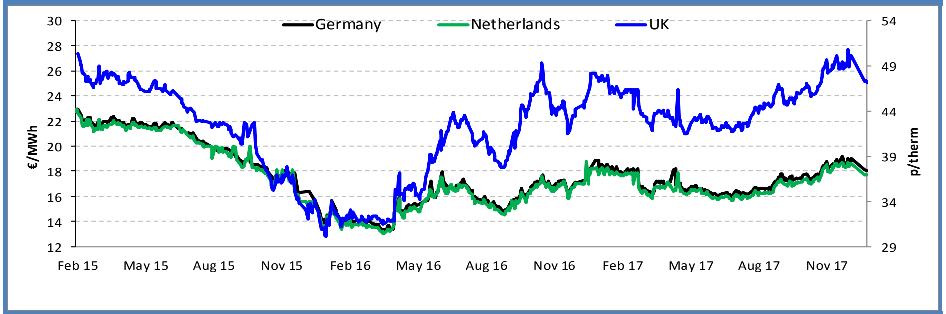
European Base Load Electricity Prices - Calendar Year 2018 (€/MW/h)



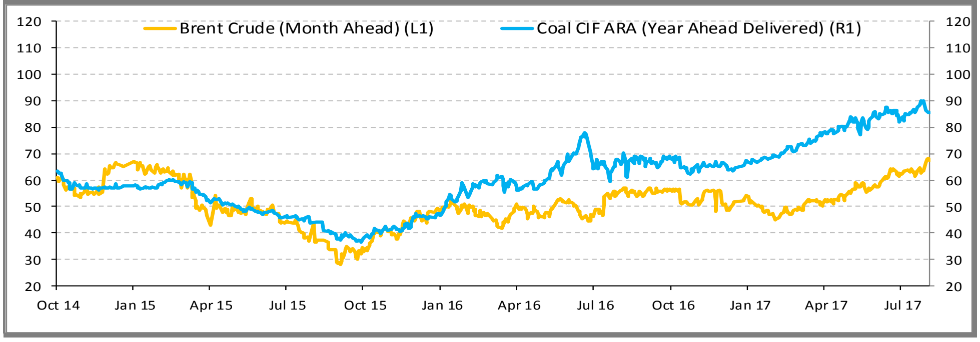
Power	Price	Change*
Italy	54.3	0.09%
UK	52.5	0.84%
Netherlands	39.7	-5.25%
Belgium	40.3	-7.67%
France	41.55	-6.21%
Germany	36.65	-4.31%
Hungary	45.3	-5.96%
Iberia	48.7	-6.85%
Nordics	25.75	0%

Natural Gas	Price	Change*
UK (pence/therm)	47.42	-5.44%
UK (€/MWh)	18.23	-5.92%
Netherlands (€/MWh)	17.7	-5.25%
Germany (€/MWh)	18.05	-5%

Natural Gas Prices - Calendar Year 2018



Brent Crude (Month Ahead) & Coal CIF ARA (Year Ahead Delivered)



Commodities	Price	Change*
Brent Crude Oil ($/bl)	67.56	6.51%
Coal CIF ARA ($/Ton)	86.2	2.38%
CO_2 EUA (2017)	7.78	8.36%
CO_2 CER (2017)	0.17	0%
GBP/EUR	1.1267	-0.5%

Power

The end of 2017 and the beginning of 2018 saw several storms passing across Europe, bringing in their wake very mild temperatures, rainfall and a lot of wind. This was a cocktail of bearish factors for the electricity markets, all the more so as Christmas and New Year greatly reduced consumption needs at the same time. Wind production records were beaten, with more than 42 GW during peak wind production in Germany last week and more than 10 GW in France. Hydroelectric production also benefited from these storms, with the heavy rainfall increasing the flow of waterways and consequently electricity production. Nuclear availability in France, on the other hand, decreased although this did not have a bullish impact on prices, due to weak demand and good availability of other means of production. Spot prices, therefore, have been levelling off in recent weeks and have settled overall. The Calendar 18 contracts finished the year stable close to their previously reached December highs. One of the main bearish and bullish factors was the fluctuating price of EUAs. As expected, Germany closed the Gundremmingen B nuclear reactor (1.3 GW) as part of its nuclear exit programme.

Natural Gas

The arrival of mild, wet and windy weather period across Europe led to a sharp drop in gas demand over the Christmas break. In France, gas demand for power generation fell to zero at the end of December. On the supply side, UKCS production significantly rebounded with the return of the Forties oil pipeline as expected while Russian and Norwegian gas imports remained at very high levels. European gas prices weakened over the Christmas break on the back of mild, wet and windy weather and comfortable pipeline supply with the return of the Forties crude oil pipeline in the North Sea. Despite poor LNG imports into north-western European terminals, the drop in gas demand limited storage withdrawals which reduced the storage deficit compared to previous years. The benchmark API 2 Cal 2019 contract traded at USD 85.60/t at the close, 4.36% lower than the previous week. The German (NCG) 2019 annual contract finished the week at EUR 18.05/MWh, whilst its Dutch equivalent TTF Cal 2018 prices softened to EUR 17.70/MWh. In the UK, the NBP 2019 contract has started this year trading at 47.42p/therm.

Oil & Coal

The markets made the most of the winter break by continuing to rise and hitting new highs not seen since 2015, during the opening sessions of the new year. Since then, the levels have decreased slightly but prices have remained two dollars above the December 2017 average. Brent finished the week at USD 67.62/bbl. The riots in Iran at the end of December were a catalyst for this unexpected rise in the markets which were already stretched by the force majeure on the Forties pipeline. The riots, the most serious since 2009, seemed to have been halted by the powers but, given the current situation in the Middle East, the markets are keeping a close watch. In spite of the efforts of OPEC, the shadow of US production still hangs over the markets with production that is heading towards the 10 Mbd threshold. Coal prices remained strong at the end of 2017 despite a milder weather period across Europe. API 2 Cal 2019 prices gained more than $2/t since 15 December, closing at $86.20/t on Friday.

Should you have any questions or comments to our report, please send an email to mtr@nusconsulting.com *Week on week Pricing & Graph Data source: BLOOMBERG