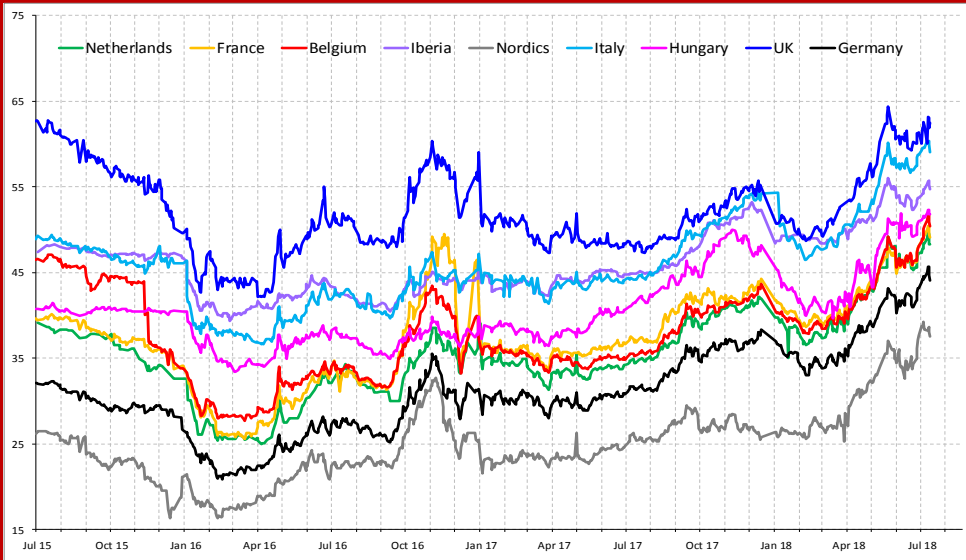


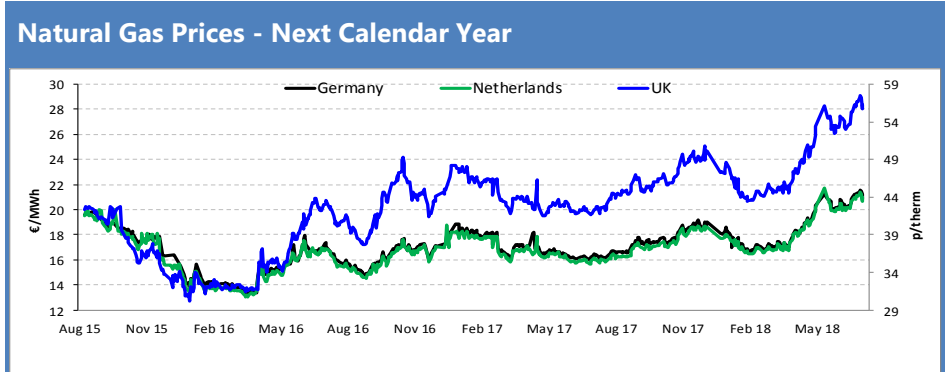
Tuesday, 17 July, 2018

European Base Load Electricity Prices - Next Calendar Year (€/MWh)

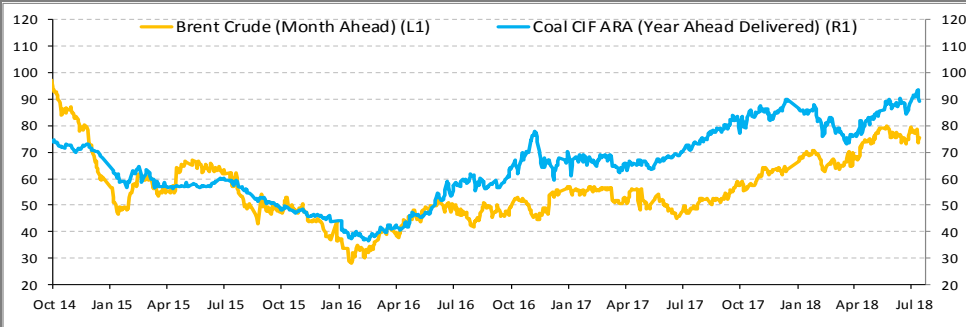


Power	Price	Change*
Italy	59.00	-0.92% ↓
UK	62.43	1.80% ↑
Netherlands	48.30	-0.10% ↓
Belgium	50.42	-0.04% ↓
France	49.10	-0.30% ↓
Germany	44.08	-0.72% ↓
Hungary	51.80	0.78% ↑
Iberia	54.70	0.00% →
Nordics	37.50	-2.22% ↓

Natural Gas	Price	Change*
UK (pence/therm)	56.21	-0.82% ↓
UK (€/MWh)	21.71	-0.56% ↓
Netherlands (€/MWh)	21.02	-0.14% ↓
Germany (€/MWh)	20.80	-2.53% ↓



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



Commodities	Price	Change*
Brent Crude Oil (\$/bbl.)	75.35	-2.09% ↓
Coal CIF ARA (\$/Tonne)	89.10	-1.98% ↓
CO ₂ EUA (2018)	16.06	2.49% ↑
CO ₂ CER (2018)	0.27	3.85% ↑
GBP/EUR	1.1322	0.27% ↑

Power

It was an overall stable to bearish picture on European forward products last week. Bullish fundamentals (low wind, increased gas for power demand) was balanced and in some cases outweighed by the softening of underlying fuel prices (oil, gas, coal) due to escalations in the US-China trade war. Calendar 19 for Germany was down around 1% to €44.08/MWh, with French and Dutch prices remaining relatively stable at €49.10/MWh and €48.30/MWh respectively. European Union emission allowances (EUA) continued to rally and broke the €16/tonne resistance level to close over 2% up on the previous week at \$16.06/tonne.

Natural Gas

Support for gas prices came via the Yamal pipeline which was offline for maintenance July 9th – July 14th, and is responsible for bringing around 90bcm/day of Russian gas to Europe. This was somewhat balanced by Norwegian flows which continue to export strongly after June's maintenance. Gas demand for power remains high as combined cycle gas turbines (CCGT) are called upon to generate the majority of power as low marginal cost generation – in particular German wind, Belgian nuclear, and Nordic hydropower – continues to be constrained. These bullish factors were countered by a sharp fall in oil prices toward the end of the week, driven by fears of a global economic slowdown with an escalation to the US-China trade war. This weighed in on prices to see German Cal. 19 gas soften 2.5% to €20.80/MWh, Netherlands Cal. 19 remaining stable at €21.02/MWh and UK Cal. 19 to ease slightly to €21.7/MWh.

Oil & Coal

Fears of a tight oil market remain, however, there are numerous uncertainties that are, to a greater or lesser degree, driving volatility in markets. Last week, foremost among these was a further escalation in the US-China trade war which gave a bearish mood to oil markets, with Brent falling \$5/bbl. to \$73/bbl., before recovering somewhat and closing the week at \$75/bbl. Other crucial issues are the continued production disruptions in Venezuela, Angola, Canada and Libya (even with some ports now resuming oil exports) and the possible destabilisation of the OPEC+ group (OPEC and its non-member allies) which could lead to a fragmentation of production agendas. API 2 Cal. 2019 saw strength early in the week, trading above \$93/tonne, before trade war escalations weighed in on prices with coal closing 2% down on the previous week at \$89.10.

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