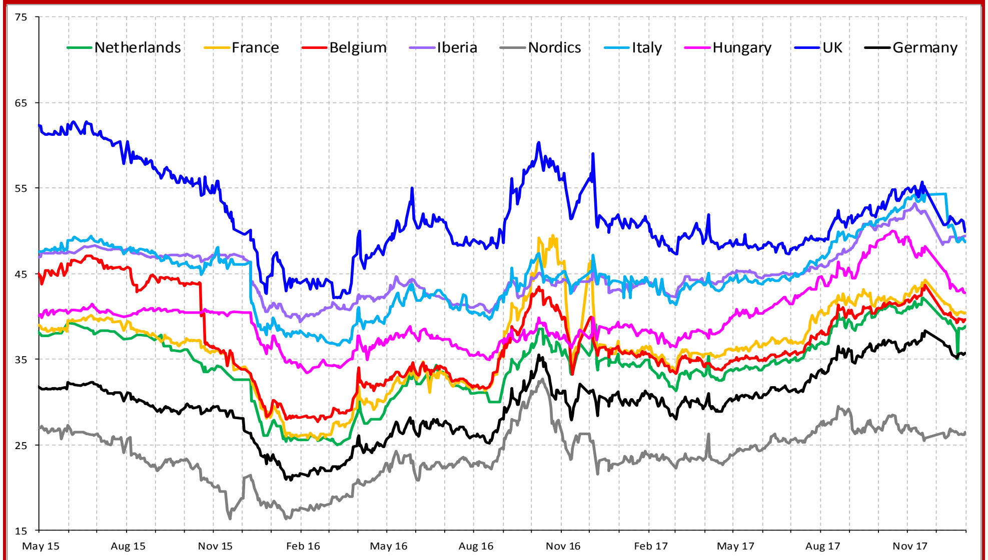
Weekly European Energy Report

nusconsulting GROUP Energy Managed.

Issue 4 Monday,29 January,2018

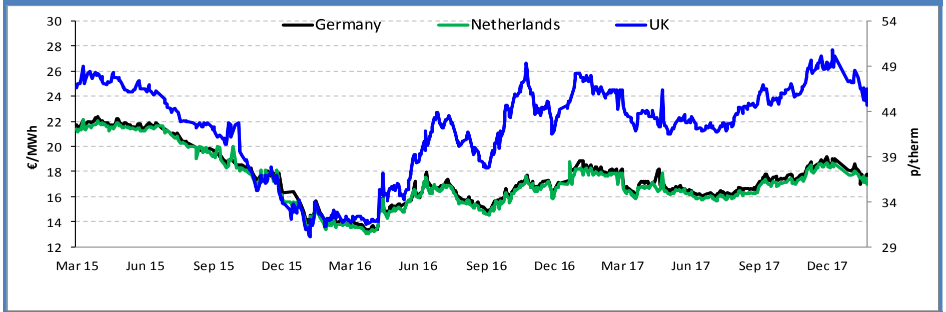
European Base Load Electricity Prices - Next Calendar Year (€/MW/h)



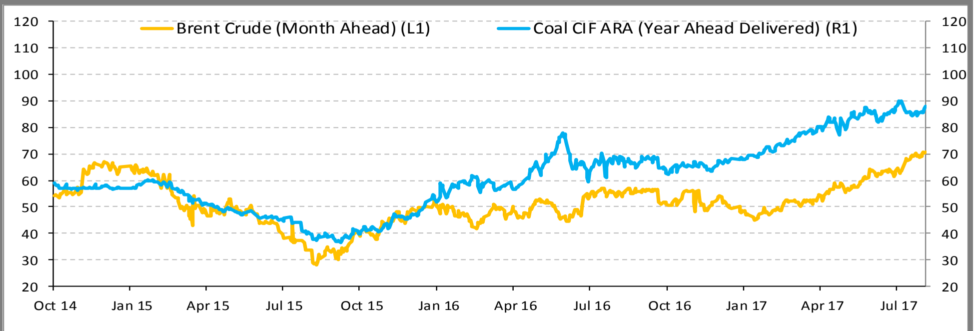
Power	Price	Change*
Italy	48.7	0.1%
UK	51.61	-1.9%
Netherlands	38.8	0.39%
Belgium	39.63	-0.05%
France	40.4	0%
Germany	35.75	0.42%
Hungary	42.75	-0.58%
Iberia	49.35	0.82%
Nordics	26.5	1.34%

Natural Gas	Price	Change*
UK (pence/therm)	44.62	-3.99%
UK (€/MWh)	17.38	-3.16%
Netherlands (€/MWh)	17	-2.75%
Germany (€/MWh)	17.5	-1.63%

Natural Gas Prices - Next Calendar Year



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



Commodities	Price	Change*
Brent Crude Oil ($/bl)	70.49	2.97%
Coal CIF ARA ($/Ton)	87.75	2.33%
CO_2 EUA (2018)	9.09	3.77%
CO_2 CER (2018)	0.17	0%
GBP/EUR	1.1418	0.86%

Power

Electricity spot prices fell last week in the north-west Europe, especially Germany. In the context of weak demand for electricity due to temperatures above seasonal norms, the fall was triggered by a strong increase in wind production in Germany. In France, nuclear production continued to increase, reaching 58,089 MW on Friday 26 January, its highest level since 22 January 2016. Calendar prices increased in Germany, supported by the rise in coal and CO2 prices. The German 2019 annual contract firmed by 0.42%, to trade on Friday at EUR 35.75/MWh up 15 euro cents on the previous week. The trend was rather mixed in other markets due to the downturn in gas prices. In France, rainfall in January enabled hydro-electric reservoirs to be partially refilled, thus improving production forecasts for the months ahead. The French 2019 annual contract remained flat week on week finishing at EUR 40.40/MWh. In the UK, the annual 19 contract saw a softening of 2.74% to finish the week at GBP 45.20/MWh (EUR 51.61/MWh). On the curve, despite forecasts of more comfortable levels of nuclear and hydro-electric production, the expected fall in temperatures from the beginning of February could support prices.

Natural Gas

Lingering mild weather continued to limit gas demand for heating across Europe last week. Overall, gas demand in the residential sector since the beginning of January is at its lowest level since 2014 in north-west Europe. On the supply side, both UKCS and Norwegian production were constrained by unplanned outages last week. Nevertheless, an increase in imports from the continent kept the UK system well-supplied. TTF February 2018 prices dropped to EUR 17.85/MWh at the close on Friday, 32 cents lower week-on-week. On the far curve, a stronger euro exerted additional bearish pressure on TTF Cal 2019 prices despite new highs reached by both coal and oil prices. They shed 51 euro cents week-on-week, closing at EUR 17.00/MWh on Friday. The German (NCG) 2019 annual contract finished the week at EUR 17.50/MWh, down by 1.63% on the previous weeks close. In the UK, the NBP 2019 contract softened by 3.99% to finish trading on Friday at 44.62p/therm. The main event of this week will be the release of the Dutch energy regulator's report on Groningen production quota which is due on Thursday.

Oil & Coal

Oil again hit a three-year high last Thursday, USD 71.28/bbl for Brent, in spite of a hesitant market without any clear direction. On opening last week, the crude oil market rose at the beginning of the week and peaked on Thursday afternoon before correcting slightly. Despite this new price momentum, the markets have not found a trend and seem to be settled in the USD 70/bbl zone while awaiting the next movement. Brent finished the week at USD 70.49/bbl up nearly £5 on the previous week. Through the dollar and regular US reports (production + stocks) the US continues to drive prices week after week. The OPEC/non-OPEC agreement is taken for granted until the end of the year and rumours about the 'June option', launched mainly by Russia at the beginning of January, seem to have fizzled out. A sharp fall of the dollar against the euro, and lingering tightness in coal supply/demand fundamentals in the Pacific Basin, dragged European coal curve prices to new highs last week. API 2 Cal 2019 prices traded at a new three-year high at USD 88.20/t before closing at USD 87.75/t on Friday, two dollars higher week-on-week.