

# Weekly European Energy Report

## 20 November 2020

#### Power

Falling gas futures pricing and restricted economic activity sent European calendar year power contracts lower this week, even as oil and carbon climbed higher. An announcement from the EU that the first EUA auctions of 2021 would likely be delayed by four weeks sent carbon pricing higher, with signals from oil and equity markets providing further price support. Record-low Nordic prices, amid mild and wet weather, weighed further on German next-month power prices as Nordic exporters maxed out exports to their southern neighbours.

#### Natural Gas

Mild weather and ample supplies further strengthened European gas fundamentals this week, placing pressure on spot and futures pricing. Net LNG imports into northwest Europe have already totalled 2.9 million cubic meters (mcm) this month, and with another 1.6 mcm expected to arrive before December 1st, November looks set to welcome 25% more LNG than October. Moreover, the conclusion of disruptive maintenance at Norwegian gas fields saw north-to-south gas flows accelerate later in the week, placing further pressure on pricing.

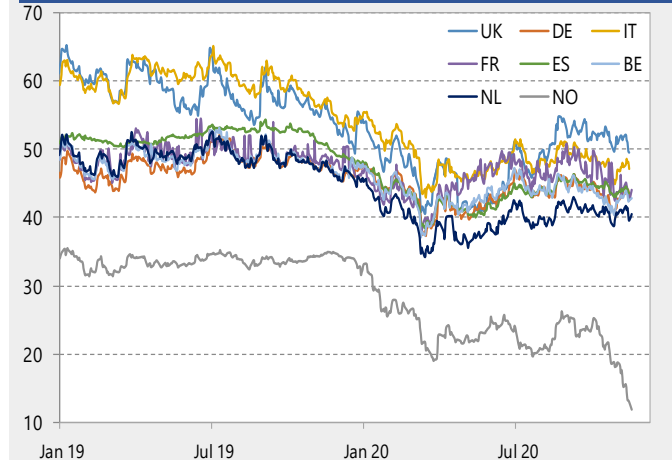
#### Energy Complex

Global oil benchmarks pushed higher this week as COVID-19 vaccine progress continues to improve the oil demand outlook for early-2021. Moreover, strong Chinese crude demand and signs that OPEC+ will postpone curtailing current output cuts also added to the bullish narrative. Both WTI and Brent crude pushed higher, even as new daily coronavirus cases in the U.S. near 200,000 and stocks at Cushing, Oklahoma surge to a 6-month high. As discussed, expected delays to the 2021 EUA auction calendar helped to lift carbon prices mid-week, assisted by robust equity markets and gains in oil benchmarks. The outlook for the European emissions benchmark remains unclear, however, ahead of the December vote on EU emissions reductions targets, with fervent opposition to higher targets from coal-reliant Poland and Hungary.

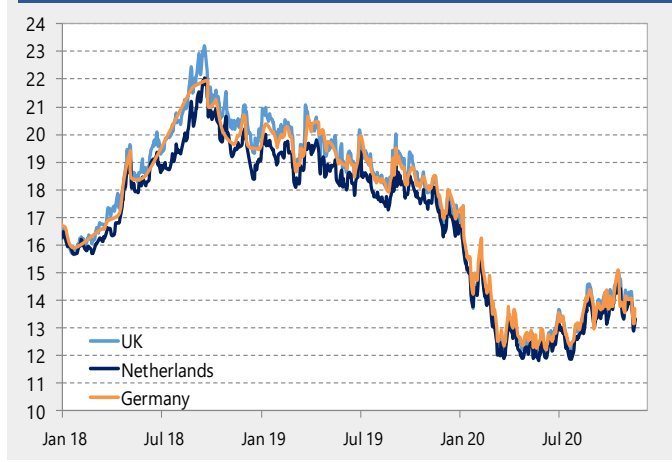
#### Calendar Year Baseload Power Markets (€/MWh)

Country	13-Nov-20	20-Nov-20	Change	%
Belgium	40.29	39.13	↓ -1.16	-2.9%
France	42.97	42.00	↓ -0.97	-2.3%
Germany	39.30	38.30	↓ -1.00	-2.5%
Hungary	47.80	46.75	↓ -1.05	-2.2%
Iberia	44.01	43.50	↓ -0.51	-1.2%
Italy	47.78	46.84	↓ -0.94	-2.0%
Netherlands	40.74	39.23	↓ -1.51	-3.7%
Nordics	15.55	11.85	↓ -3.70	-23.8%
UK	46.01	44.78	↓ -1.24	-2.7%

#### Annual Power Contracts (€/MWh)



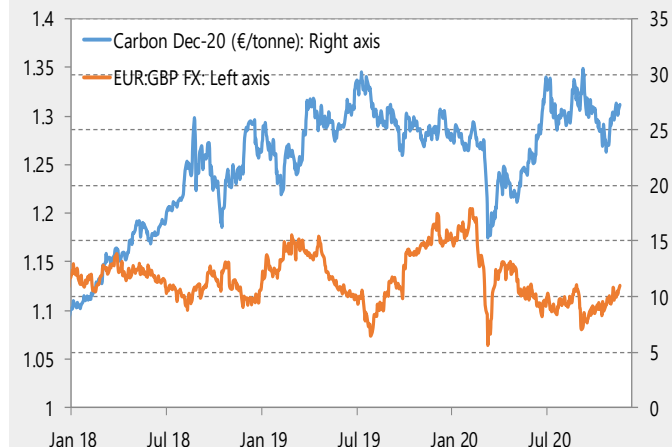
#### Annual Gas Contracts (€/MWh)



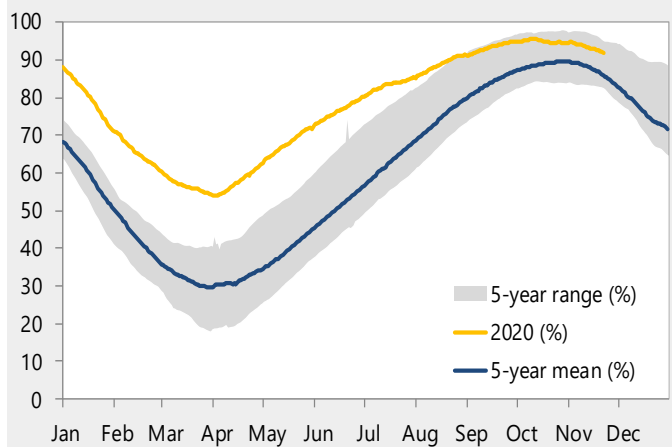
#### Calendar Year Gas Markets

Country	13-Nov-20	20-Nov-20	Change	%
UK (p/therm)	37.47	34.27	↓ -3.20	-8.5%
UK (€/MWh)	14.26	13.10	↓ -1.16	-8.2%
Netherlands (€/MWh)	13.95	12.90	↓ -1.05	-7.5%
Germany (€/MWh)	14.03	13.18	↓ -0.85	-6.1%

#### Carbon and FX



#### EU Gas Storage (% full)



#### Commodity Markets

Commodity	13-Nov-20	20-Nov-20	Change	%
Brent (\$/bbl.)	42.78	44.96	↑ 2.18	5.1%
Coal CIF ARA (\$/tonne)	57.05	55.10	↓ -1.95	-3.4%
EUR:GBP FX	1.1153	1.1201	↑ 0.005	0.4%

#### Carbon Markets

Contract	13-Nov-20	20-Nov-20	Change	%
CO2 EUA Dec-20 (€/tonne)	26.28	26.74	↑ 0.46	1.8%
CO2 EUA Dec-21 (€/tonne)	26.41	26.89	↑ 0.48	1.8%
CO2 EUA Dec-22 (€/tonne)	26.68	27.15	↑ 0.47	1.8%