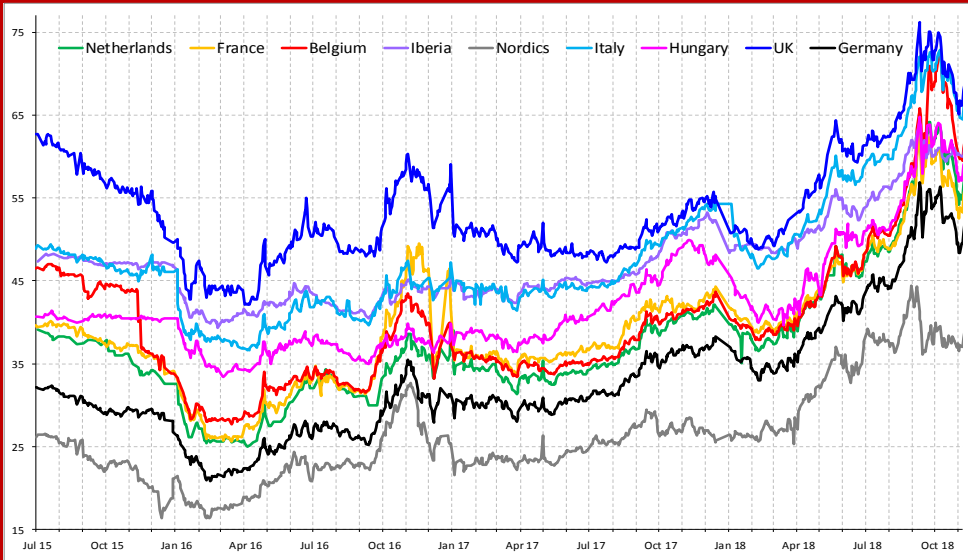
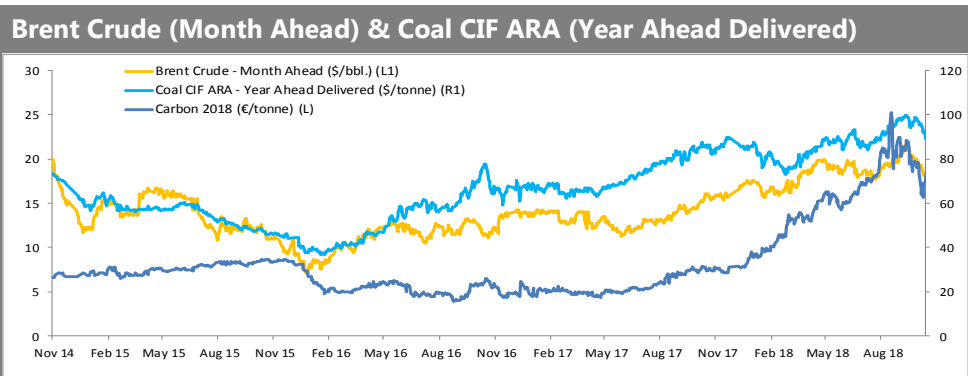
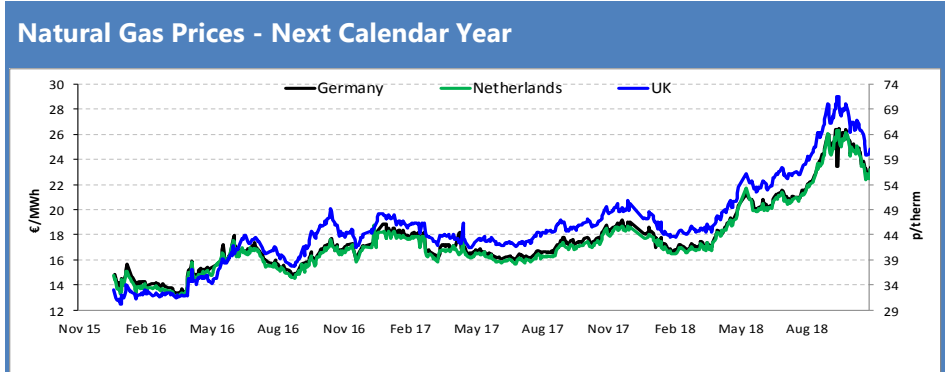


European Base Load Electricity Prices - Next Calendar Year (€/MWh)



Power	Price	Change*
Italy	67.55	2.27% ↑
UK	66.34	1.37% ↑
Netherlands	59.3	3.76% ↑
Belgium	63.27	3.21% ↑
France	58.5	5.03% ↑
Germany	52.76	3.25% ↑
Hungary	60.2	1.86% ↑
Iberia	61.95	1.23% ↑
Nordics	42.2	7.98% ↑

Natural Gas	Price	Change*
UK (pence/therm)	64.33	6.16% ↑
UK (€/MWh)	24.7	4.22% ↑
Netherlands (€/MWh)	23.6	2.92% ↑
Germany (€/MWh)	24.05	3.98% ↑



Commodities	Price	Change*
Brent Crude Oil (\$/bbl.)	67.2	-4.52% ↓
Coal CIF ARA	85.75	-3% ↓
CO ₂ EUA (2018)	19.2	-0.67% ↓
CO ₂ CER	0.26	-3.7% ↓
GBP/EUR	1.125	-1.82% ↓

Power

Prices on the day-ahead market were relatively stable last week due to stable market conditions: wind and temperatures still relatively mild and in most cases higher than seasonal norms. The month-ahead and Q1 2019 contracts firmed aver all as RTE in France reported that the country would be at risk from mid-January to the end of February due to a particularly low nuclear availability (lowest in 10 years). The Belgian market also came under pressure, after maintenance of the Doel 1 reactor has been extended by more than a month. On the far curve, electricity prices firmed, due to fairly volatile movements in the coal and carbon markets. In Germany, margins for electricity producers are growing, in particular clean dark spreads on coal. These significant margins could reflect, in addition to the difficulty of keeping up with highly volatile fuel cost developments, plant closures planned in the coming years in Germany. The German Calendar '19 contract was trading at EUR 52.76/MWh on Friday, up 3.2% on the previous week. The French Calendar '19 contract was up 5% to close the week at EUR 58.50/MWh.

Natural Gas

Above-average temperatures continued to limit gas demand in the residential sector in Europe last week. Gas demand for power generation also fell in the first half of November due to weak competitiveness of gas prices relative to coal. However pricing took some support from a drop in forecast temperatures from mid-November which should boost gas demand in the upcoming days. The TTF December 2018 closed at EUR 24.33/MWh on Friday, up by 6.6% week-on-week. On the far curve, cooler weather expectations gave a boost to European prices. The TTF Calendar 2019 prices closed at EUR 23.6/MWh on Friday, up 2.9% compared to a week earlier. The German Calendar '19 contract firmed 4% to finish the week at EUR 24.05/MWh whilst in the UK pricing for the Calendar '19 contract finished at GBP 64.34/MWh.

Oil & Coal

The week had started rather favourably after the Saudi announcement to cut, unilaterally, its production of ~500 kbd as early as December. However, on Monday afternoon, President Trump said that "neither Saudi Arabia nor OPEC would cut their production" and the collapse of global financial markets pulled oil prices downward, Brent hitting a lowest since March 2018 at USD 64.61/bbl. US oil production continues to break records with a new peak at 11.7 Mbd revealed by the weekly report last Thursday. After last week's announcement of a significant increase in 2019, the "drilling productivity report" also confirmed that shale oil production is currently on a very strong uptrend with a new record expected in December at almost 8 Mbd (7.94 Mbd). Brent finished the week at USD 67.20/bbl.

Falling oil prices and prospects of a fall in Chinese imports, amid tighter restrictions on import quotas, slower growth in coal demand and rising domestic production led to a further decrease in coal prices last week. API 2 Calendar 2019 prices fell below their 200-day average and softened USD 2.65 week-on-week, closing at USD 85.75/tonne on Friday.

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