

Weekly European Energy Report

7 August 2020

Power

European calendar year power futures reversed their recent, bearish trend this week following a breadth of data pointing to a more rosy economic outlook. German factory orders jumped by a record 28% in June and Eurozone retail sales returned to pre-crisis levels. The data lifted carbon EUAs to a two-week high on Thursday, before a combination of technical indicators and weak auction demand, once again, moderated the rally. Higher carbon prices and, in particular, a more positive economic outlook saw European power pricing posted week-on-week gains for the first time since 10th July.

Natural Gas

The first week of August saw benchmark European gas prices rally. As with power, a degree of support was lent to gas prices by a more optimistic economic outlook and rising carbon EUA prices; however, the primary driver has been a shift in supply fundamentals. Reduced Russian flows and a falling LNG import schedule have helped to shift European gas fundamentals in a considerable way. European LNG floating at sea dropped below 2019 levels for the first time since early April as the import schedule faces a drastic reduction: just 14 tankers are expected at UK, French, Dutch and Belgian terminals in August – including the 3 that have already arrived.

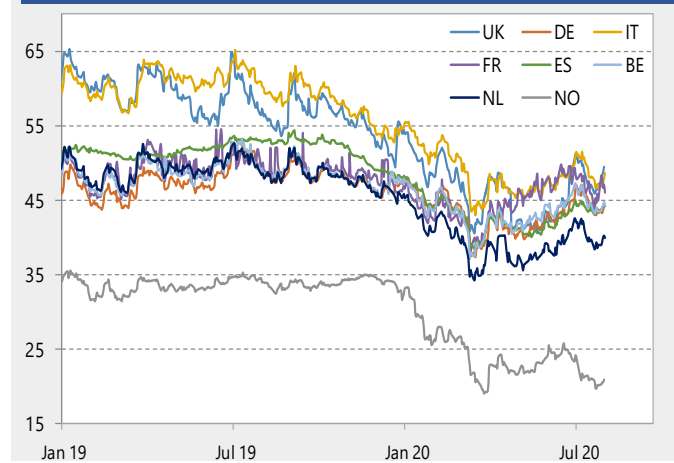
Energy Complex

As highlighted above, the global energy complex took a largely bullish turn this week. Carbon EUAs climbed amid optimistic economic signals from the UK and the EU. Hopes of additional fiscal stimulus in the United States provided additional price support to EUAs, as the emissions benchmark closely tracked key stock indexes. Brent was lifted by alleged progress in the US regarding the stimulus and by an additional reduction in US crude stockpiles – an explosion at a warehouse in Beirut on Wednesday saw oil benchmarks rally sharply, before settling down. Nevertheless, September Brent crude manages a 5% week-on-week gain – the largest since the beginning of July.

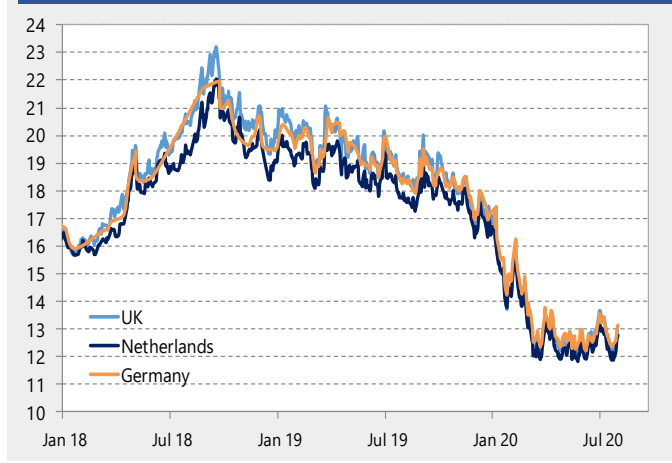
Calendar Year Baseload Power Markets (€/MWh)

Country	30-Jul-20	06-Aug-20	Change	%
Belgium	38.86	40.60	↑ 1.74	4.5%
France	44.02	45.59	↑ 1.57	3.6%
Germany	39.00	40.61	↑ 1.61	4.1%
Hungary	49.15	50.34	↑ 1.19	2.4%
Iberia	43.40	44.30	↑ 0.90	2.1%
Italy	46.65	48.59	↑ 1.94	4.2%
Netherlands	38.30	39.79	↑ 1.49	3.9%
Nordics	20.10	20.75	↑ 0.65	3.2%
UK	42.02	44.13	↑ 2.11	5.0%

Annual Power Contracts (€/MWh)



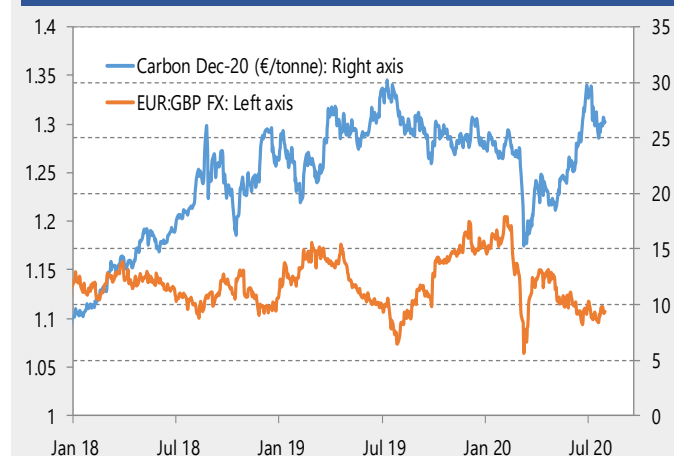
Annual Gas Contracts (€/MWh)



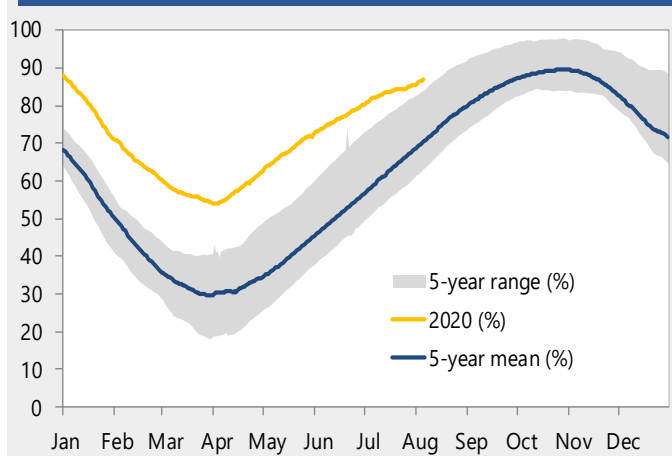
Calendar Year Gas Markets

Country	30-Jul-20	06-Aug-20	Change	%
UK (p/therm)	32.46	34.34	↑ 1.89	5.8%
UK (€/MWh)	12.24	12.97	↑ 0.73	5.9%
Netherlands (€/MWh)	11.88	12.70	↑ 0.82	6.9%
Germany (€/MWh)	12.45	13.10	↑ 0.65	5.2%

Carbon and FX



EU Gas Storage (% full)



Commodity Markets

Commodity	30-Jul-20	06-Aug-20	Change	%
Brent (\$/bbl.)	42.94	45.09	↑ 2.15	5.0%
Coal CIF ARA (\$/tonne)	59.60	59.45	↓ -0.15	-0.3%
EUR:GBP FX	1.1053	1.1067	↑ 0.001	0.1%

Carbon Markets

Contract	30-Jul-20	06-Aug-20	Change	%
CO2 EUA Dec-20 (€/tonne)	25.54	26.39	↑ 0.85	3.3%
CO2 EUA Dec-21 (€/tonne)	25.90	26.74	↑ 0.84	3.2%
CO2 EUA Dec-22 (€/tonne)	26.48	27.30	↑ 0.82	3.1%