

Weekly European Energy Report

11 February 2020

Power

The wider energy complex is helping to keep European power prices at near-record lows. Healthy hydro reserves and mild weather in the Nordic region extended power price losses. Meanwhile, UK, German and Dutch power prices fell as the gas supply glut keeps prices at levels unprecedented for the time of year. Additionally, strong renewable generation keeps the demand for thermal feedstocks in check, and weighs on power pricing. The muted demand outlook is also adding to the bearishness as business shy away from placing big bets on future energy usage. There was some mid-week price firming, led by technical indicators, but any rally is likely short-lived with the current market fundamentals.

Natural Gas

European gas fundamentals remain overwhelmingly bearish. The selloff observed in late 2019 has only accelerated as we enter the latter stages of the winter period. European gas storage sits at 68% of capacity, against a 5-year average of 47%. Additionally, European LNG terminals have received just shy of 20 vessels this month already, with approximately 25 more expected at port by Feb 26th. Despite this, the middle of last week saw a wave of buying activity as technical indicators on a number of benchmark gas contracts turned bullish. The gains were short-lived, however, and by the end of the week all gains had been pared. Losses were extended early this week, too, as stormy weather massively boosts clean power generation.

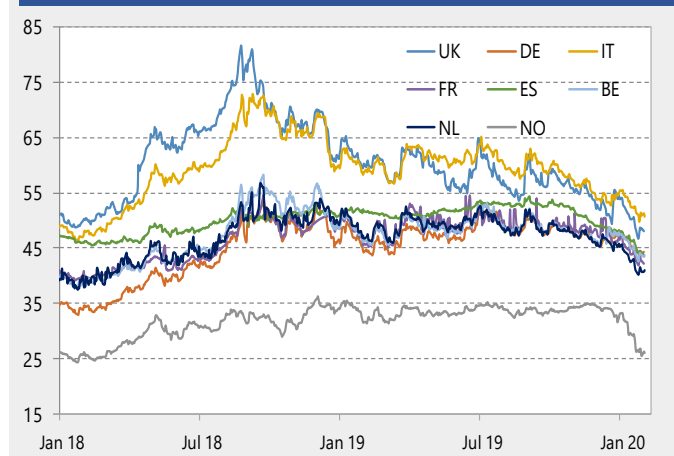
Energy Complex

OPEC+ members failed to reach any meaningful agreement when they held an emergency summit in Vienna last week. The nations met to address the market conditions which have driven benchmark oil prices 15% lower in less than a month. Already bearish sentiment has been exacerbated by the worsening coronavirus outbreak, which has killed 1000 people and reportedly infected over 40,000. Key Brent crude futures have held at their lowest level for a year after Russia shied away from committing to the 600,000 barrel a day output cut recommended by the group.

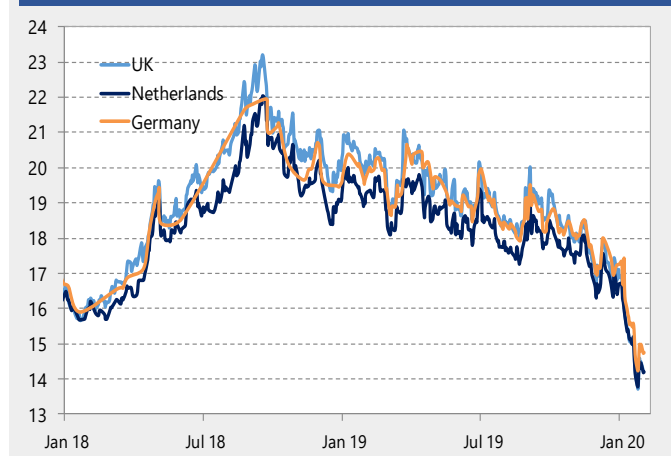
Calendar Year Baseload Power Markets (€/MWh)

Country	03-Feb-20	10-Feb-20	Change	%
Belgium	42.60	43.45	↑ 0.85	2.0%
France	41.90	42.20	↑ 0.30	0.7%
Germany	43.39	43.79	↑ 0.40	0.9%
Hungary	52.04	52.30	↑ 0.26	0.5%
Iberia	44.05	43.70	↓ -0.35	-0.8%
Italy	49.82	50.70	↑ 0.88	1.7%
Netherlands	40.20	40.75	↑ 0.55	1.3%
Nordics	26.20	26.05	↓ -0.15	-0.6%
UK	46.72	48.07	↑ 1.35	2.8%

Annual Power Contracts (€/MWh)



Annual Gas Contracts (€/MWh)



Calendar Year Gas Markets

Country	03-Feb-20	10-Feb-20	Change	%
UK (p/therm)	34.21	35.20	↑ 1.00	2.8%
UK (€/MWh)	13.71	14.22	↑ 0.51	3.6%
Netherlands (€/MWh)	13.78	14.18	↑ 0.40	2.8%
Germany (€/MWh)	14.23	14.73	↑ 0.50	3.4%

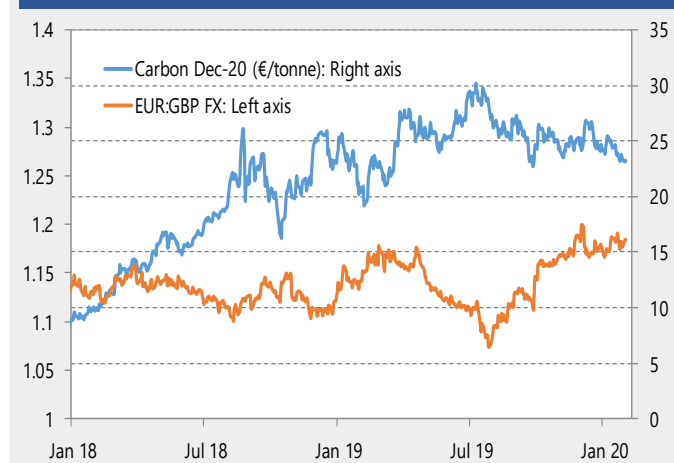
Commodity Markets

Commodity	03-Feb-20	10-Feb-20	Change	%
Brent (\$/bbl.)	54.45	53.27	↓ -1.18	-2.2%
Coal CIF ARA (\$/tonne)	59.35	58.40	↓ -0.95	-1.6%
EUR:GBP FX	1.1748	1.1837	↑ 0.009	0.8%

Carbon Markets

Contract	03-Feb-20	10-Feb-20	Change	%
CO2 EUA Dec-20 (€/tonne)	23.21	23.16	↓ -0.05	-0.2%
CO2 EUA Dec-21 (€/tonne)	23.39	23.34	↓ -0.05	-0.2%
CO2 EUA Dec-22 (€/tonne)	23.63	23.58	↓ -0.05	-0.2%

Carbon and FX



EU Gas Storage (% full)

