

# Weekly European Energy Report

## 11 September 2020

### Power

Power futures pulled back this week as European power markets fell victim to wider bearish headwinds. Carbon EUAs erased last week's gains early in the week, falling to a two-week low as auction volumes climbed and oil futures sunk to three-month lows. EUAs snapped back later in the week, however, as the European Parliament agreed on a historic '60% by 2030' carbon emissions reduction target. Nonetheless, further signs that the economic recovery is losing momentum limited EUAs' gains and weighed directly on demand for power futures.

### Natural Gas

Flows into the U.K. and Germany from Norway remained strong for much of the past week and, despite only a handful of additional LNG arrivals expected for the remainder of this month, TTF gas benchmarks headed for their largest weekly drop since May. Storage injections continue, with European storage pushing higher to 93%. Renewed confidence in supply capacities over the coming months, and an uncertain economic backdrop, saw prices on major hubs trim August's gains further. Crude oil provided the strongest directional impetus, however, as benchmark futures posted their first back-to-back weekly losses since April's selloff, retreating to early-June levels.

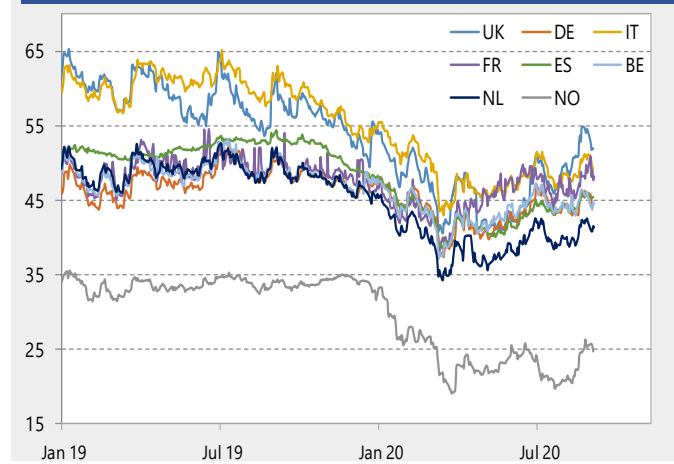
### Energy Complex

This week it was revealed that German industrial output rose just 1.2% in July, against estimates of 4.5%; leaving the sector still 10% smaller than it at the same time last year. Concerns around job security and rising COVID-19 cases are dampening domestic demand while a strong euro is harming Germany's exporting sectors. The European Central Bank's response to waning recoveries across the single market was to leave its existing bond-buying programme unchanged – yet a climbing euro and weak aggregate demand may necessitate looser monetary policy before the end of year. Elsewhere, benchmark oil futures sunk to early-June lows as the holiday-travel season draws to a close and U.S. stockpiles climb alongside production. The United States added 2 million barrels to its crude inventories as demand wobbles and output rose by 300,000 barrels per day.

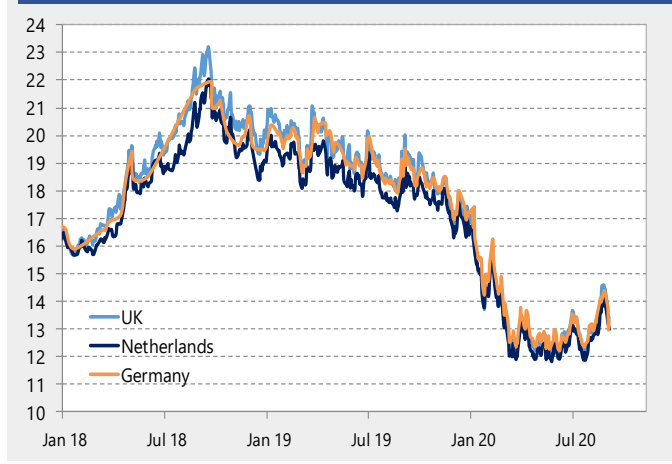
#### Calendar Year Baseload Power Markets (€/MWh)

Country	03-Sep-20	10-Sep-20	Change	%
Belgium	42.64	41.67	↓ -0.97	-2.3%
France	48.55	47.61	↓ -0.94	-1.9%
Germany	42.40	41.26	↓ -1.14	-2.7%
Hungary	50.50	49.76	↓ -0.74	-1.5%
Iberia	45.83	45.40	↓ -0.43	-0.9%
Italy	51.11	49.44	↓ -1.67	-3.3%
Netherlands	42.34	41.07	↓ -1.27	-3.0%
Nordics	25.40	25.30	↓ -0.10	-0.4%
UK	47.54	46.72	↓ -0.81	-1.7%

#### Annual Power Contracts (€/MWh)



#### Annual Gas Contracts (€/MWh)



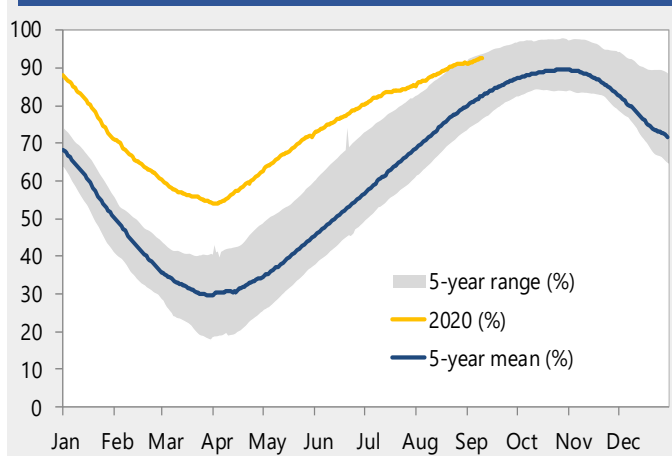
#### Calendar Year Gas Markets

Country	03-Sep-20	10-Sep-20	Change	%
UK (p/therm)	37.78	36.18	↓ -1.60	-4.2%
UK (€/MWh)	14.45	13.38	↓ -1.06	-7.4%
Netherlands (€/MWh)	13.98	13.03	↓ -0.95	-6.8%
Germany (€/MWh)	14.38	13.32	↓ -1.06	-7.3%

#### Carbon and FX



#### EU Gas Storage (% full)



#### Commodity Markets

Commodity	03-Sep-20	10-Sep-20	Change	%
Brent (\$/bbl.)	44.07	40.06	↓ -4.01	-9.1%
Coal CIF ARA (\$/tonne)	56.50	57.00	↑ 0.50	0.9%
EUR:GBP FX	1.1206	1.0839	↓ -0.037	-3.3%

#### Carbon Markets

Contract	03-Sep-20	10-Sep-20	Change	%
CO2 EUA Dec-20 (€/tonne)	28.74	28.42	↓ -0.32	-1.1%
CO2 EUA Dec-21 (€/tonne)	29.08	28.73	↓ -0.35	-1.2%
CO2 EUA Dec-22 (€/tonne)	29.53	29.15	↓ -0.38	-1.3%