

Weekly European Energy Report

14 August 2020

European power prices fell this week on signs that the global economic recovery is slowing after June and July's rapid, but ultimately unsustainable post-lockdown jump in economic activity. More weak jobs data and further outbreaks of the coronavirus across the continent tempered the optimism that saw prices jump last week. Power prices have come under additional pressure after carbon EUAs fell to August lows amid economic uncertainty and weak auction demand. Prices in the Nordic region were an exception, however, as warmer and drier weather saw hydro-balance surpluses fall 50% to 10TWh.

Natural Gas

European gas benchmarks traded largely flat this week, holding on to last week's gains, despite a far busier supply schedule and bearish, wider energy complex. LNG imports into north-western Europe tripled and the number of additional vessels expected to arrive in the second half of August increased four-fold in the 10 days from August 4th – 14th. Yet there were signs of another reversal on Friday, with NBP and TTF September contracts rallying 11% and 12%, respectively, as Russian gas flows into central Europe fell 7.7% week-on-week.

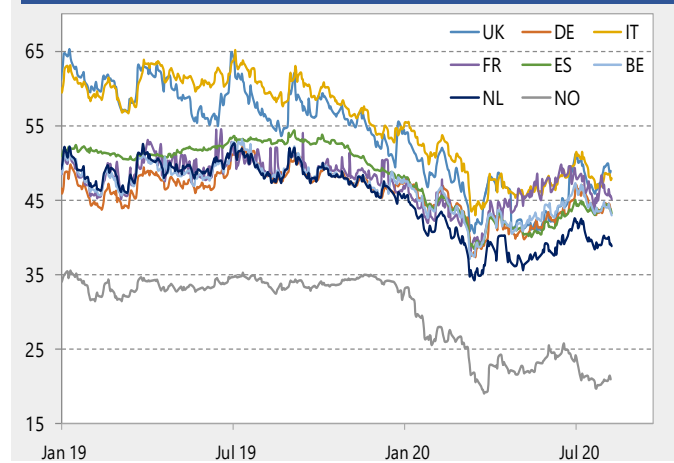
Energy Complex

It was revealed this week that the euro-area economies shed, in the first half of the year, almost half of the 12 million jobs created since the last recession. Furthermore, output fell 12.1% in Q2-20, the deepest contraction on record, taking the economy back to 2005 levels. The data illustrates the extent of the damage inflicted by the pandemic and subsequent economic shutdown, and the length of the road ahead, overshadowing the rapid recoveries witness in June and July. As mentioned, carbon EUAs have fallen amid the more cautious outlook, with weak auction demand promptly nipping in the bud any sign of a bullish trend materialising on the secondary market. Beyond Europe, oil struggled for direction as US stimulus talks stalled and tensions between the US and China flared up, counteracting the support provided by a 4th consecutive reduction in US crudes stockpiles.

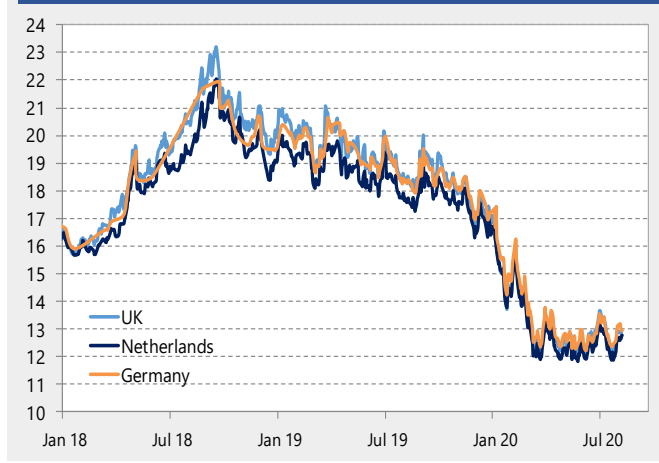
Calendar Year Baseload Power Markets (€/MWh)

Country	06-Aug-20	13-Aug-20	Change	%
Belgium	40.60	39.50	↓ -1.10	-2.7%
France	45.59	44.78	↓ -0.81	-1.8%
Germany	40.61	39.49	↓ -1.12	-2.8%
Hungary	50.34	48.95	↓ -1.39	-2.8%
Iberia	44.30	43.90	↓ -0.40	-0.9%
Italy	48.59	47.89	↓ -0.70	-1.4%
Netherlands	39.79	38.90	↓ -0.89	-2.2%
Nordics	20.75	20.95	↑ 0.20	1.0%
UK	44.13	43.61	↓ -0.52	-1.2%

Annual Power Contracts (€/MWh)



Annual Gas Contracts (€/MWh)



Calendar Year Gas Markets

Country	06-Aug-20	13-Aug-20	Change	%
UK (p/therm)	34.34	34.28	↓ -0.06	-0.2%
UK (€/MWh)	12.97	12.94	↓ -0.03	-0.2%
Netherlands (€/MWh)	12.70	12.74	↑ 0.04	0.3%
Germany (€/MWh)	13.10	12.95	↓ -0.15	-1.1%

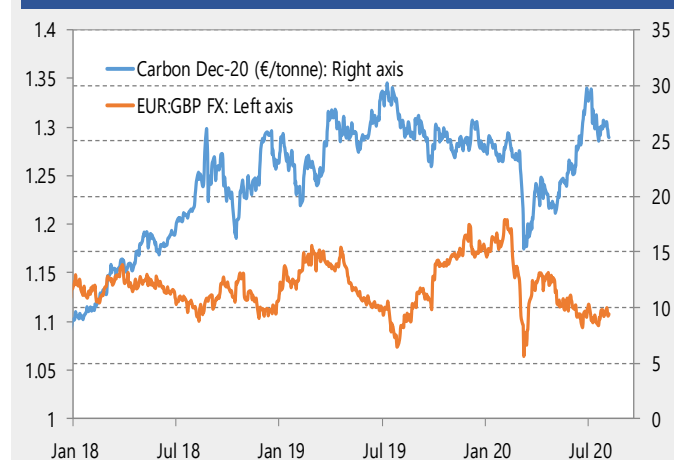
Commodity Markets

Commodity	06-Aug-20	13-Aug-20	Change	%
Brent (\$/bbl.)	45.09	44.96	↓ -0.13	-0.3%
Coal CIF ARA (\$/tonne)	59.45	56.50	↓ -2.95	-5.0%
EUR:GBP FX	1.1067	1.1061	↓ -0.001	-0.1%

Carbon Markets

Contract	06-Aug-20	13-Aug-20	Change	%
CO2 EUA Dec-20 (€/tonne)	26.39	25.43	↓ -0.96	-3.6%
CO2 EUA Dec-21 (€/tonne)	26.74	25.78	↓ -0.96	-3.6%
CO2 EUA Dec-22 (€/tonne)	27.30	26.30	↓ -1.00	-3.7%

Carbon and FX



EU Gas Storage (% full)

