

Weekly European Energy Report

17 March 2020

Power

The promise of widespread economic stimulus restored some market optimism early last week. Carbon and gas gained on the optimism pushing up benchmark European power prices. Gains gave way to sharp losses from Tuesday, however, as the impact of coronavirus pandemic spread and increased in intensity – the Italian and Spanish governments were the first to declare a country-wide lockdown. The impact of the COVID-19 outbreak on the European economy is likely to be severe; the knowledge of which pulling down gas, carbon and power pricing as demand forecasts are revised downwards.

Natural Gas

Optimism instilled by economic stimulus packages and a lull in the storm that has savaged global financial and commodity markets, saw buying interest return to European gas markets early last week. On Tuesday, however, the selloff quickly resumed and TTF and NCG 2021 prices fell 7% and 5% respectively from Friday's close. Additionally, the North Western Europe LNG tanker schedule for the remainder of March is a busy one, with approximately 25 more vessels due at terminals in the region before the end of the month, adding further pressure to pricing.

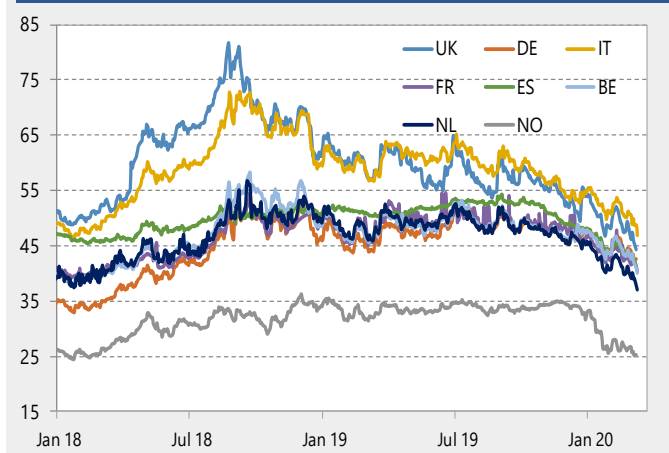
Energy Complex

Benchmark oil prices have shown no sign of recovery since the price crash early this month. Saudi Aramco have vowed to ramp up production to 13 million barrels per day and have assured the market that they can survive with the oil price at this level. This, in addition to the worst hit to the global economic landscape since the financial crisis of 2008, has seen oil pricing continue to slide. Front month Brent crude oil slipped to below \$30/bbl. for the first time since January 2016, and continues to trade around this level.

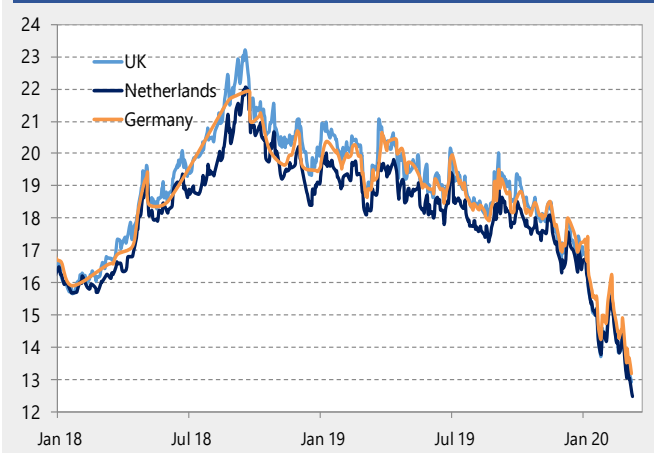
Calendar Year Baseload Power Markets (€/MWh)

Country	09-Mar-20	16-Mar-20	Change	%
Belgium	42.63	40.80	↓ -1.83	-4.3%
France	41.50	41.00	↓ -0.50	-1.2%
Germany	42.84	40.98	↓ -1.86	-4.3%
Hungary	51.20	49.51	↓ -1.69	-3.3%
Iberia	43.00	41.43	↓ -1.57	-3.7%
Italy	48.87	46.91	↓ -1.96	-4.0%
Netherlands	39.15	37.60	↓ -1.55	-4.0%
Nordics	25.65	23.85	↓ -1.80	-7.0%
UK	46.12	44.27	↓ -1.85	-4.0%

Annual Power Contracts (€/MWh)



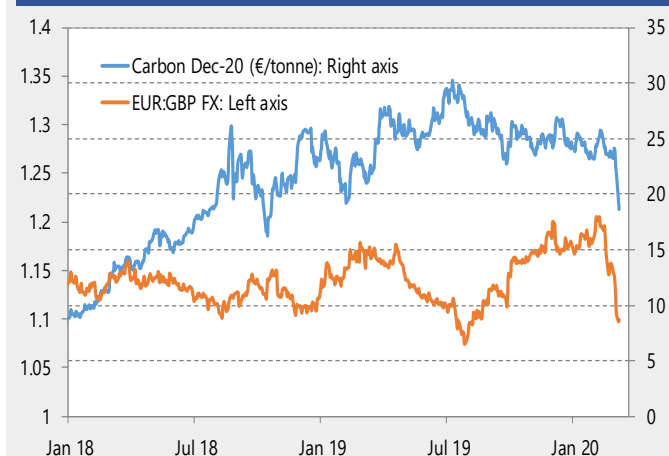
Annual Gas Contracts (€/MWh)



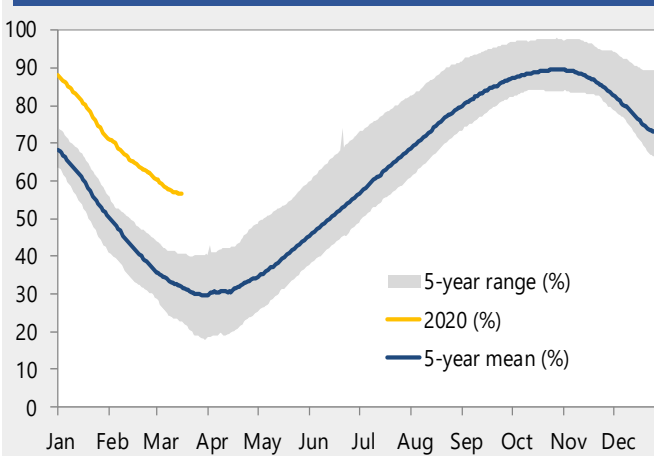
Calendar Year Gas Markets

Country	09-Mar-20	16-Mar-20	Change	%
UK (p/therm)	33.89	34.52	↑ 0.63	1.9%
UK (€/MWh)	13.26	12.93	↓ -0.33	-2.5%
Netherlands (€/MWh)	13.05	12.58	↓ -0.47	-3.6%
Germany (€/MWh)	13.53	13.17	↓ -0.36	-2.7%

Carbon and FX



EU Gas Storage (% full)



Commodity Markets

Commodity	09-Mar-20	16-Mar-20	Change	%
Brent (\$/bbl.)	34.36	30.05	↓ -4.31	-12.5%
Coal CIF ARA (\$/tonne)	55.20	55.70	↑ 0.50	0.9%
EUR:GBP FX	1.1466	1.0972	↓ -0.049	-4.3%

Carbon Markets

Contract	09-Mar-20	16-Mar-20	Change	%
CO2 EUA Dec-20 (€/tonne)	23.28	19.47	↓ -3.81	-16.4%
CO2 EUA Dec-21 (€/tonne)	23.46	19.72	↓ -3.74	-15.9%
CO2 EUA Dec-22 (€/tonne)	23.68	19.98	↓ -3.70	-15.6%