

# Weekly European Energy Report

## 18 February 2020

#### Power

European power pricing found support last week following bullish technical signals and a rally in benchmark oil futures, which fed into the natural gas and emissions markets. Despite price gains, most fundamentals remain overwhelmingly bearish; mild and stormy weather has increased recent renewable output and the natural gas supply glut continues to seek refuge in Europe. However, carbon has held gains early in Week 8, with the April ETS compliance deadline edging closer – bringing with it additional upside risk.

#### Natural Gas

Benchmark European gas contracts found rare momentum last week following gains in the wider energy complex – driven by an oil market rally. The recent and relentless decline in European gas pricing has increasingly begged the question of where the market will “bottom out”. Of late, benchmark gas contracts have tested technical support levels, indicative of imminent bullishness. A rally in oil contracts was enough to motivate many market players searching for the bottom of the market to take profit and stimulate a rally in pricing.

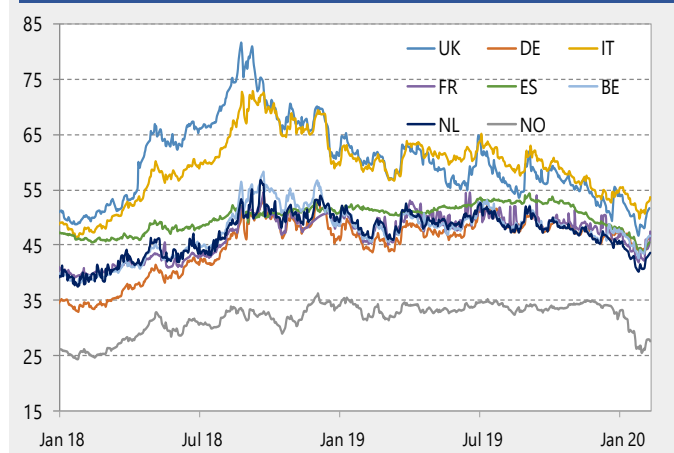
#### Energy Complex

The need for an additional OPEC+ meeting diminished last week as benchmark futures rallied. Front-month Brent crude futures jumped \$4/bbl. in four days from the 12-month low recorded on Monday 10<sup>th</sup>. Chinese refiners went against the prevailing sentiment and locked in huge volumes of crude oil, as pricing tested technical support levels and became too enticing to ignore. The oil market bullishness translated into gains in other global energy markets. Notably, EU ETS carbon permits broke through, and held above, the EUR24/t resistance level for the first time this month.

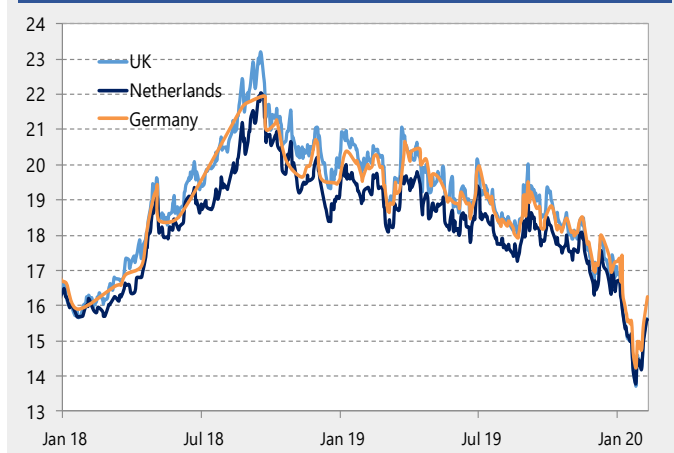
Calendar Year Baseload Power Markets (€/MWh)

Country	10-Feb-20	17-Feb-20	Change	%
Belgium	43.45	46.70	↑ 3.25	7.0%
France	42.20	45.30	↑ 3.10	6.8%
Germany	43.79	46.85	↑ 3.06	6.5%
Hungary	52.30	55.08	↑ 2.78	5.0%
Iberia	43.70	45.50	↑ 1.80	4.0%
Italy	50.70	53.67	↑ 2.97	5.5%
Netherlands	40.75	43.40	↑ 2.65	6.1%
Nordics	26.05	27.60	↑ 1.55	5.6%
UK	48.07	51.68	↑ 3.60	7.0%

Annual Power Contracts (€/MWh)



Annual Gas Contracts (€/MWh)



Calendar Year Gas Markets

Country	10-Feb-20	17-Feb-20	Change	%
UK (p/therm)	35.20	38.16	↑ 2.96	7.8%
UK (€/MWh)	14.22	15.63	↑ 1.41	9.0%
Netherlands (€/MWh)	14.18	15.58	↑ 1.40	9.0%
Germany (€/MWh)	14.73	#N/A	#N/A	0.0%

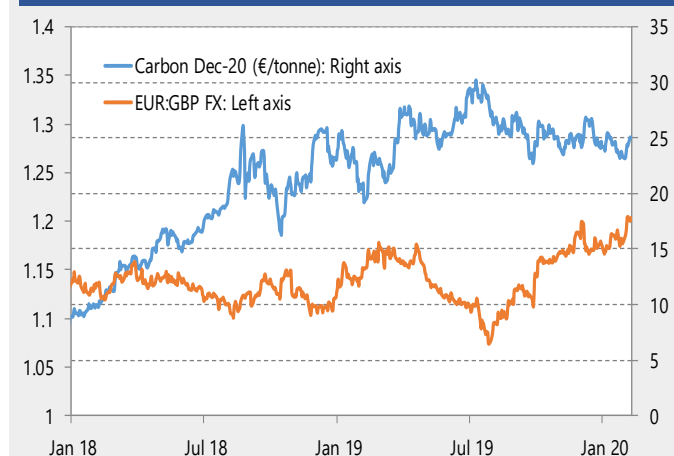
Commodity Markets

Commodity	10-Feb-20	17-Feb-20	Change	%
Brent (\$/bbl.)	53.27	57.67	↑ 4.40	7.6%
Coal CIF ARA (\$/tonne)	58.40	61.20	↑ 2.80	4.6%
EUR:GBP FX	1.1837	1.2003	↑ 0.017	1.4%

Carbon Markets

Contract	10-Feb-20	17-Feb-20	Change	%
CO2 EUA Dec-20 (€/tonne)	23.16	25.05	↑ 1.89	7.5%
CO2 EUA Dec-21 (€/tonne)	23.34	25.24	↑ 1.90	7.5%
CO2 EUA Dec-22 (€/tonne)	23.58	25.47	↑ 1.89	7.4%

Carbon and FX



EU Gas Storage (% full)

