

Weekly European Energy Report

21 August 2020

Power

Benchmark European power futures traded largely flat week-on-week as higher gas prices were offset by growing concerns around the nascent economic recovery. Gains were sharp early in the week as carbon EUAs started strong and tighter gas fundamentals saw the price of benchmark gas futures surge – particularly, at the short end of the curve. However, prices pulled back following the emergence of weaker European PMI data for August, climbing coronavirus cases across the continent and worrying jobs data in the US. The Nordic region bucked the trend, however, and continued to surge amid tighter hydro-reserves; with the 10-day forecast now 1TWh-equivalent drier than was previously expected.

Natural Gas

European gas benchmarks pushed higher this week as supply-side fundamentals tightened. Natural gas injections into storage sites across Europe fell by 8.6% Friday-Friday, while the number of LNG deliveries expected for northwest Europe remained subdued at 23 – almost equivalent to the arrivals seen in June and July at the height of the US cargo cancellations. Asian LNG month-ahead spot prices have surged ~30% to their highest level since January, drawing supply, both LNG and pipeline, away from Europe. Gains were, nonetheless, trimmed later in the week, despite ongoing maintenance at Norwegian gas facilities, following a fall in carbon EUAs and oil benchmarks.

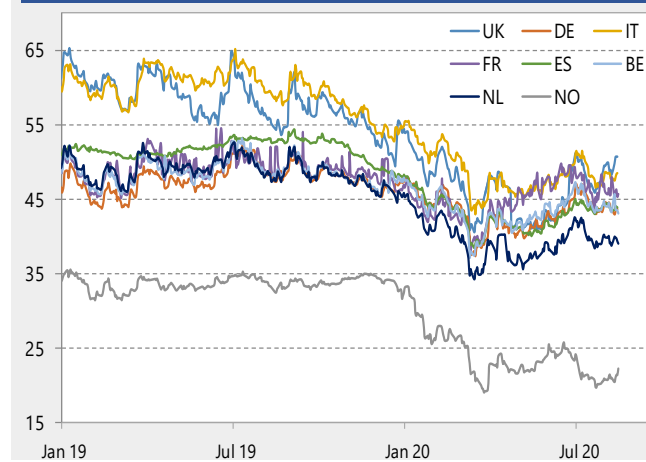
Energy Complex

The US Federal Reserve delivered a sobering assessment of the US economy on Wednesday, and it was later revealed that jobless claims in the country climbed back above 1 million, supporting the central bank's narrative. The concern was echoed in Europe as a composite Purchasing Managers' Index measure for the continent sank from 54.9 to 51.6 month-on-month. The European Central Bank has, however, refrained from passing judgement on the state of the euro-area economy at this time ahead of its official projections next month. Either way, the data has weighed on the global energy complex into the latter stages of the week. Carbon EUAs reached €26.74/tonne on Wednesday, but pulled back into the end of the week as spot auction demand waned and as wider growth sentiment took a hit.

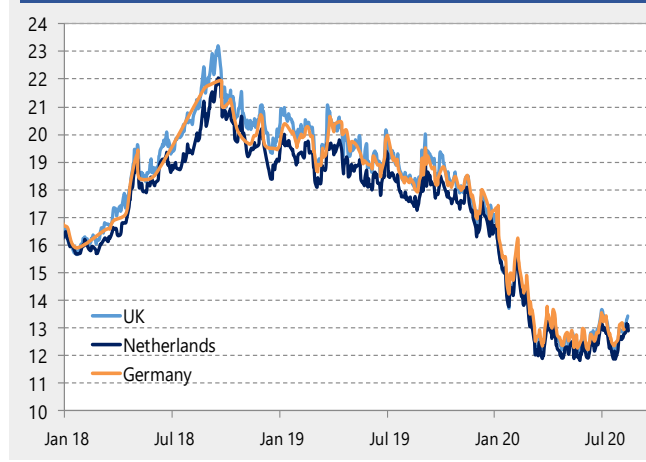
Calendar Year Baseload Power Markets (€/MWh)

Country	13-Aug-20	20-Aug-20	Change	%
Belgium	39.50	39.62	↑ 0.12	0.3%
France	44.78	44.93	↑ 0.15	0.3%
Germany	39.49	39.58	↑ 0.09	0.2%
Hungary	48.95	48.38	↓ -0.57	-1.2%
Iberia	43.90	43.95	↑ 0.05	0.1%
Italy	47.89	48.31	↑ 0.42	0.9%
Netherlands	38.81	39.12	↑ 0.31	0.8%
Nordics	20.95	22.20	↑ 1.25	6.0%
UK	43.61	44.45	↑ 0.85	1.9%

Annual Power Contracts (€/MWh)



Annual Gas Contracts (€/MWh)



Calendar Year Gas Markets

Country	13-Aug-20	20-Aug-20	Change	%
UK (p/therm)	34.28	35.33	↑ 1.05	3.1%
UK (€/MWh)	12.94	13.43	↑ 0.49	3.8%
Netherlands (€/MWh)	12.74	13.12	↑ 0.38	3.0%
Germany (€/MWh)	12.97	13.49	↑ 0.52	4.0%

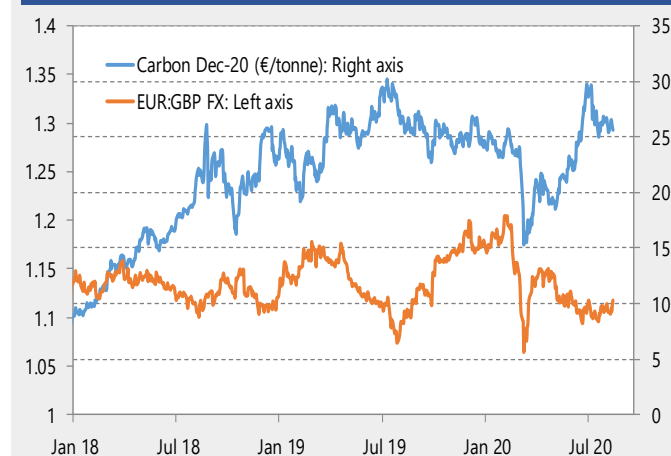
Commodity Markets

Commodity	13-Aug-20	20-Aug-20	Change	%
Brent (\$/bbl.)	44.96	44.90	↓ -0.06	-0.1%
Coal CIF ARA (\$/tonne)	56.50	54.40	↓ -2.10	-3.7%
EUR:GBP FX	1.1061	1.1142	↑ 0.008	0.7%

Carbon Markets

Contract	13-Aug-20	20-Aug-20	Change	%
CO2 EUA Dec-20 (€/tonne)	25.43	25.90	↑ 0.47	1.8%
CO2 EUA Dec-21 (€/tonne)	25.78	26.24	↑ 0.46	1.8%
CO2 EUA Dec-22 (€/tonne)	26.30	26.75	↑ 0.45	1.7%

Carbon and FX



EU Gas Storage (% full)

