

# Weekly European Energy Report

## 25 February 2020

#### Power

Much of last week's rally in prices was erased, as markets saw weakness on continued bearish fundamentals. Calendar year contracts fell as much as ~5%, as Europe has yet to experience an extended period of adverse winter weather, gas pricing remains cheap, and concerns deepen over the possibility of a global COVID-19 coronavirus pandemic.

#### Natural Gas

As with power contracts, gas prices along the curve saw significant weakness last week, with calendar year contracts falling as much as 10%. This continues to be driven by a global gas supply glut, exacerbated by the worsening coronavirus situation that is hitting heating and power generation demand. Indeed, 23 LNG vessels are now operating as floating storage, due to a lack of import activity at terminals. Storage remains healthy against historic average levels.

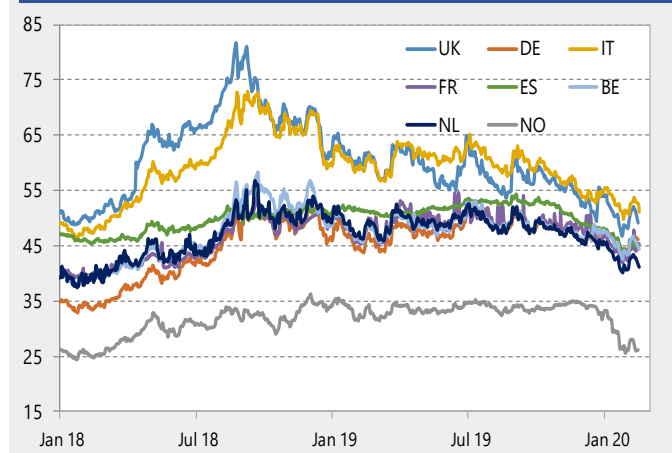
#### Energy Complex

European Union Allowances (EUAs) for carbon emissions came under bearish pressure as it became known that the UK will auction 123 million permits in 2020. This was largely in the range of expectations, but carbon markets have also reacted to coronavirus developments. A key indicator to watch out for is the March 4<sup>th</sup> announcement of the EU Commission's flagship Green Deal strategy that would enshrine in law climate neutrality by 2050. If passed by national governments and the European Parliament, it would make Europe the first continent to legally commit to net-zero by 2050. The wider energy complex (oil and coal) was also bearish, with Brent down over 2% from last week.

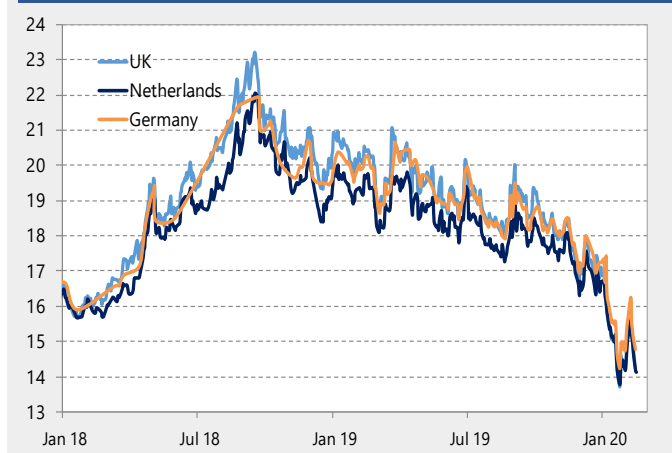
#### Calendar Year Baseload Power Markets (€/MWh)

Country	17-Feb-20	24-Feb-20	Change	%
Belgium	46.70	44.69	↓ -2.01	-4.5%
France	45.30	45.15	↓ -0.15	-0.3%
Germany	46.85	45.16	↓ -1.69	-3.7%
Hungary	55.08	52.66	↓ -2.42	-4.6%
Iberia	45.50	44.50	↓ -1.00	-2.2%
Italy	53.67	51.12	↓ -2.55	-5.0%
Netherlands	43.40	41.50	↓ -1.90	-4.6%
Nordics	27.60	27.00	↓ -0.60	-2.2%
UK	51.68	49.12	↓ -2.56	-5.2%

#### Annual Power Contracts (€/MWh)



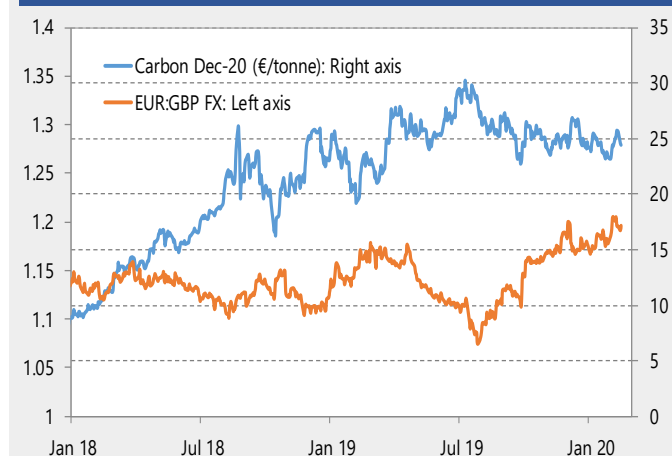
#### Annual Gas Contracts (€/MWh)



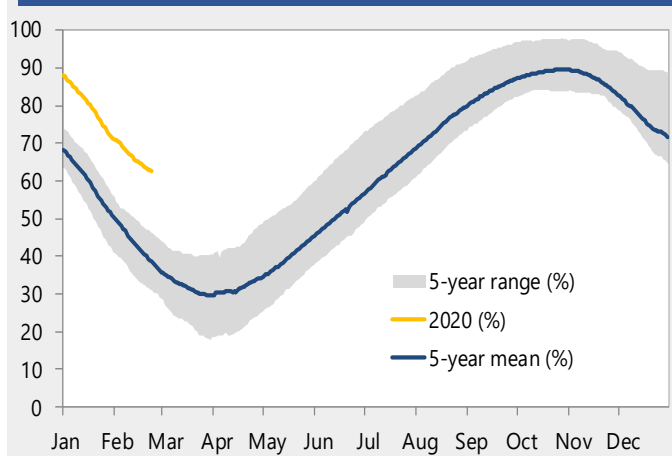
#### Calendar Year Gas Markets

Country	17-Feb-20	24-Feb-20	Change	%
UK (p/therm)	38.16	35.00	↓ -3.16	-9.0%
UK (€/MWh)	15.63	14.22	↓ -1.41	-9.9%
Netherlands (€/MWh)	15.58	14.15	↓ -1.43	-10.1%
Germany (€/MWh)	15.65	14.78	↓ -0.87	-5.9%

#### Carbon and FX



#### EU Gas Storage (% full)



#### Commodity Markets

Commodity	17-Feb-20	24-Feb-20	Change	%
Brent (\$/bbl.)	57.67	56.30	↓ -1.37	-2.4%
Coal CIF ARA (\$/tonne)	61.20	57.25	↓ -3.95	-6.9%
EUR:GBP FX	1.2003	1.1907	↓ -0.010	-0.8%

#### Carbon Markets

Contract	17-Feb-20	24-Feb-20	Change	%
CO2 EUA Dec-20 (€/tonne)	25.05	24.57	↓ -0.48	-2.0%
CO2 EUA Dec-21 (€/tonne)	25.24	24.77	↓ -0.47	-1.9%
CO2 EUA Dec-22 (€/tonne)	25.47	25.00	↓ -0.47	-1.9%