

Weekly Energy Market Report

Commentary

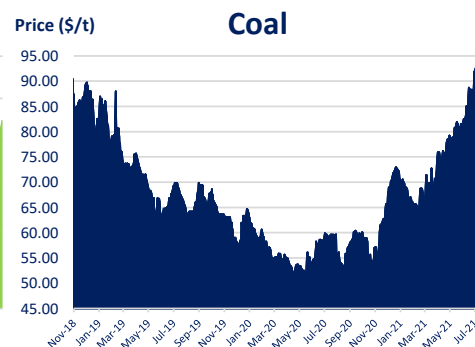
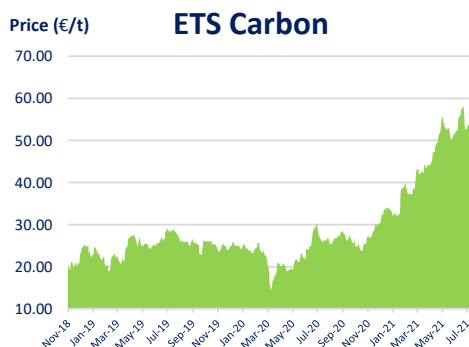
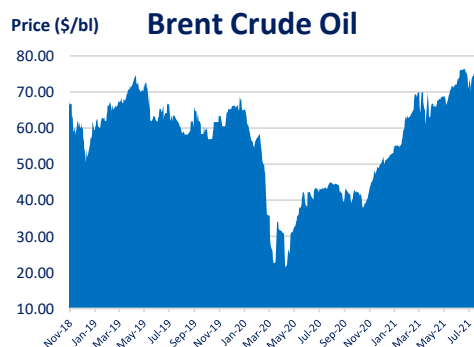
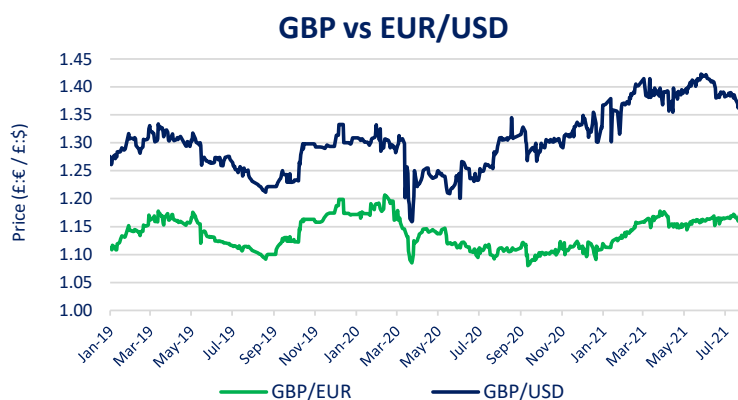
02/08/2021

European energy markets continue to gain value with low gas storage levels and an ongoing lack of LNG supply providing support to push prices to new record highs. The latest development in the race for supply has been Gazprom's unwillingness to respond to high market prices by making Russian gas flow available to Europe, instead preferring to prioritise making a case for Nord Stream 2 completion over improving cashflow. At present, UK storage sits around 30% capacity compared to this time last year which sat closer to 80% capacity. Gas demand forecasts sit below seasonal norms today, despite temperatures being below normal, helping to ease some of the bullish pressure slightly. However, reduced Norway flows due to unplanned capacity reduction at Troll, as well as weak wind forecasts, have lifted near term contracts somewhat.

EUA Carbon prices ended 5.4% lower last month, as prices settled back amid investor withdrawals. Indeed, the month-long rally in energy markets couldn't reverse carbon's decline. Elsewhere, the UK's carbon market continues to sit just below its European counterpart providing some weight to the UK energy markets, despite the UK's more ambitious climate change goals. Oil prices edged higher on Friday, with global benchmark Brent posting a fourth monthly gain, with demand growing faster than supply and vaccinations expected to alleviate the impact of a resurgence in COVID-19 infections across the world. The main event this week from an economy stand point, will be the Bank of England's August policy report on Thursday, but the Pound's value still remains closely linked with developments in global Covid trends. Economists have a clear idea of what to expect from the BoE, yet there is by no means a clear consensus amongst analysts as to how the Pound will react, which suggests some heightened volatility can be expected. Providing support for the Pound, new infections in the UK have been falling over the course of the past week with the seven day average of daily new cases is now down to 424 cases per million, from it's peak of 702 last month. The development will likely generate confidence amongst consumers and businesses that the country is exiting the crisis on a sustained basis and could reinvigorate that strong economic growth.

Currency & Commodities

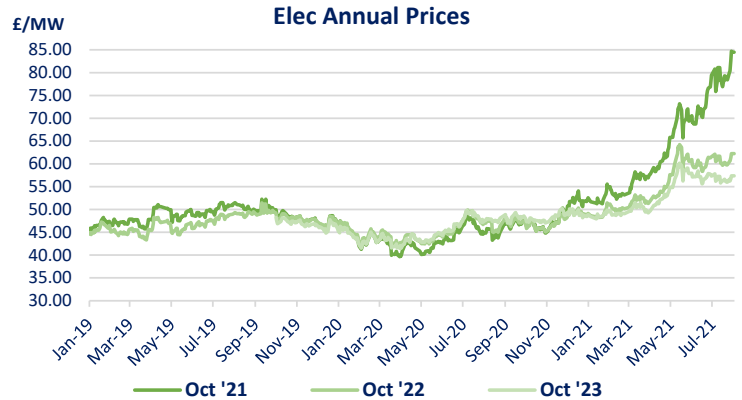
Pound vs Dollar (£:\$)	1.392
Pound vs Euro (£:€)	1.172
Brent Crude Oil (\$/bl)	74.63
EU ETS Carbon (€/t)	54.87
API2 Coal (\$/t)	95.45



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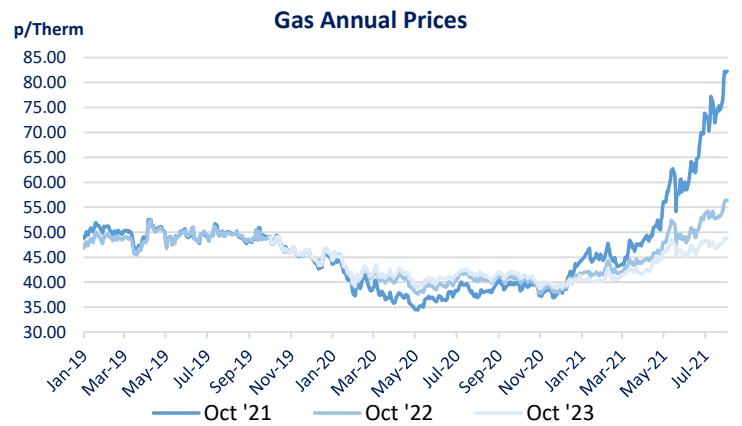
Electricity Analysis

Elec Futures	Price	Weekly Change	
Sep-21	101.55	8.40	9.02%
Oct-21	101.90	8.15	8.69%
Nov-21	105.70	10.55	11.09%
Q4 21	104.40	8.60	8.98%
Q1 22	101.85	4.25	4.35%
W 21	103.12	6.38	6.59%
S 22	67.47	4.08	6.44%
W 22	73.73	2.84	4.01%
Oct 21 Annual	85.30	4.80	6.52%

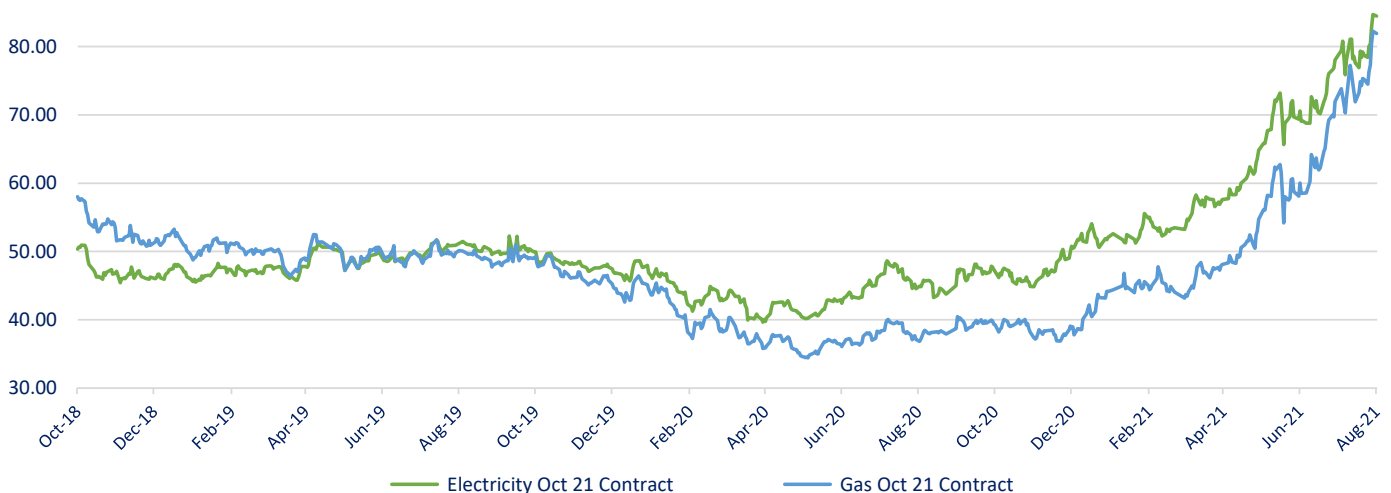


Gas Analysis

Gas Futures	Price	Weekly Change	
Sep-21	108.01	11.56	11.99%
Oct-21	108.25	11.25	11.60%
Nov-21	109.82	11.58	11.79%
Q4 21	109.88	13.38	13.87%
Q1 22	102.53	4.17	4.24%
W 21	106.52	9.11	9.35%
S 22	61.44	4.29	7.51%
W 22	66.87	4.53	7.27%
Oct 21 Annual	83.98	8.23	10.86%



Elec / Gas October 2021 Annual Prices



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