

Weekly Energy Market Report

Commentary

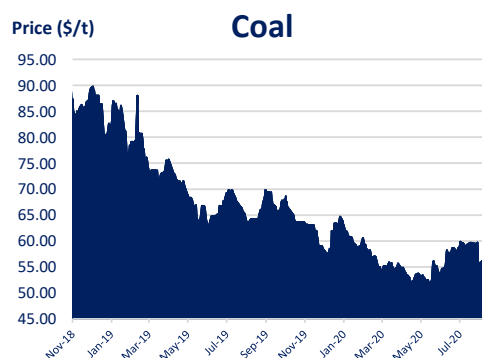
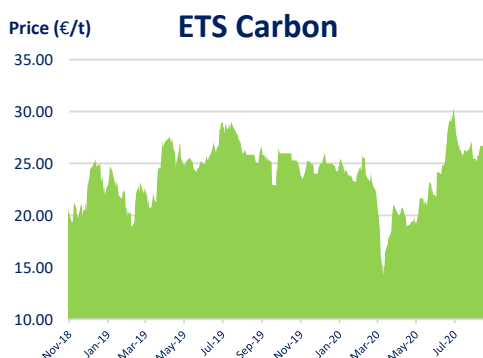
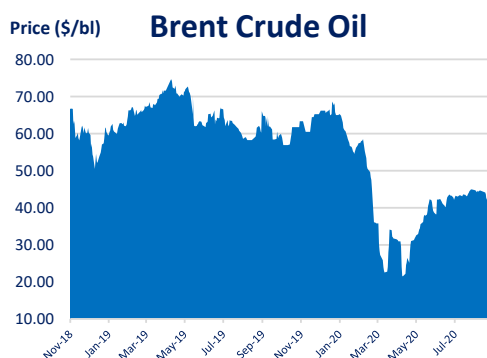
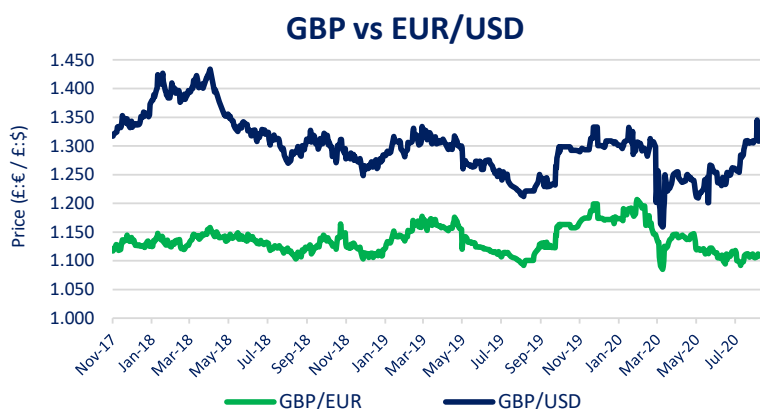
07/09/2020

The UK's gas system continues to operate in oversupply and did so throughout Friday's session, a consequence of warmer temperatures over the weekend and moderate wind forecast levels. While Norwegian pipeline flows remained somewhat constrained throughout the day, they provided ample supply for a UK energy complex with low gas-for-heating demand and low gas-for-power demand. Renewable generation levels are expected to decrease throughout the course of this week in line with weather forecasts. Furthermore, maintenance season – postponed throughout the course of COVID-19 – is now underway on a number of key pipelines in the North Sea. The expectation is that any prolonged maintenance or adverse weather conditions are likely to lead to some particularly bullish movements in near-curve prices.

A fall in Brent Crude prices on Friday has continued into this morning's session. Persisting concerns, regarding the global economic recovery from COVID-19 and the gradual easing of lockdown measures in key oil-consuming economies, continue to impact on the commodity price movements. The lack of consensus between OPEC+ members regarding ongoing supply cuts is doing little to alleviate this downside risk. Carbon decreased week-on-week, though the benchmark Dec-20 price continues to trade between 27 and 30 €/t, rangebound and close to historic high levels. The British Pound enters this week amid a swell of bearish sentiment, with any uptrend seemingly dissipating against worldwide currency counterparts. The most important consideration for Sterling in the coming days is this week's penultimate round of Brexit trade negotiations, set to take place in London amidst subdued sentiment. All the headlines regarding these talks are centred around the perceived increased likelihood that the UK and Europe will be unable to formally agree a deal, with Boris Johnson stating that if there is no breakthrough by 15th October, the UK will merely accept a no deal scenario and "move on".

Currency & Commodities

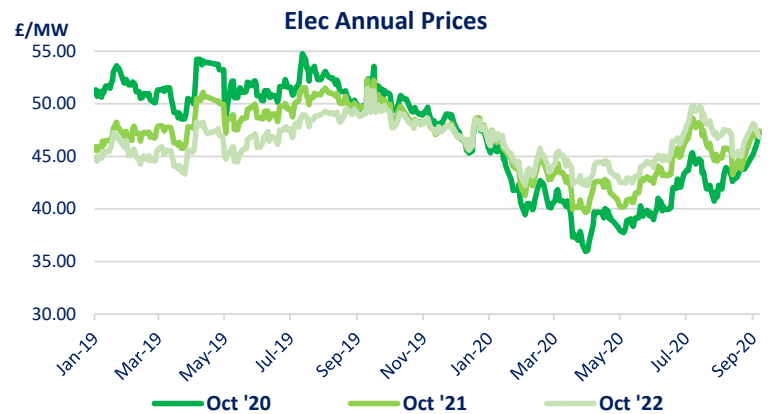
Pound vs Dollar (£:\$)	1.318
Pound vs Euro (£:€)	1.114
Brent Crude Oil (\$/bl)	42.07
EU ETS Carbon (€/t)	26.98
API2 Coal (\$/t)	55.90



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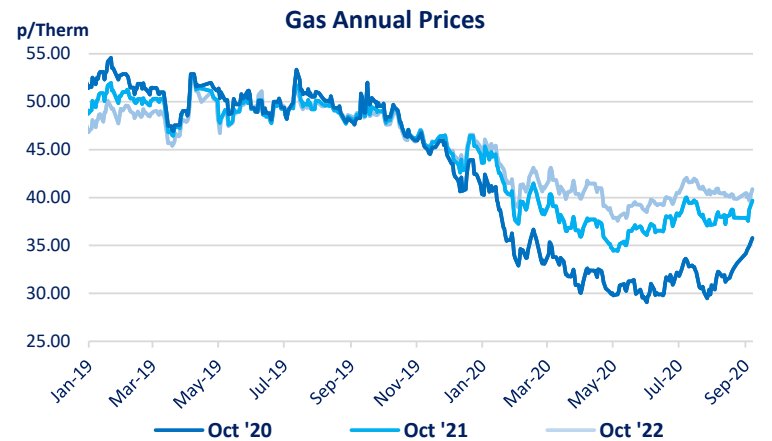
Electricity Analysis

Elec Futures	Price	Change	% Change
Oct-20	42.60	-1.65	-3.73%
Nov-20	50.61	-1.65	-3.17%
Dec-20	50.70	-1.65	-3.15%
Jan-21	52.25	-1.65	-3.06%
Q4 20	48.80	-0.15	-0.31%
W 20	52.51	-0.10	-0.19%
S 21	43.76	-0.08	-0.18%
W 21	50.30	-1.20	-2.33%
Oct 20 Annual	48.14	-0.09	-0.19%

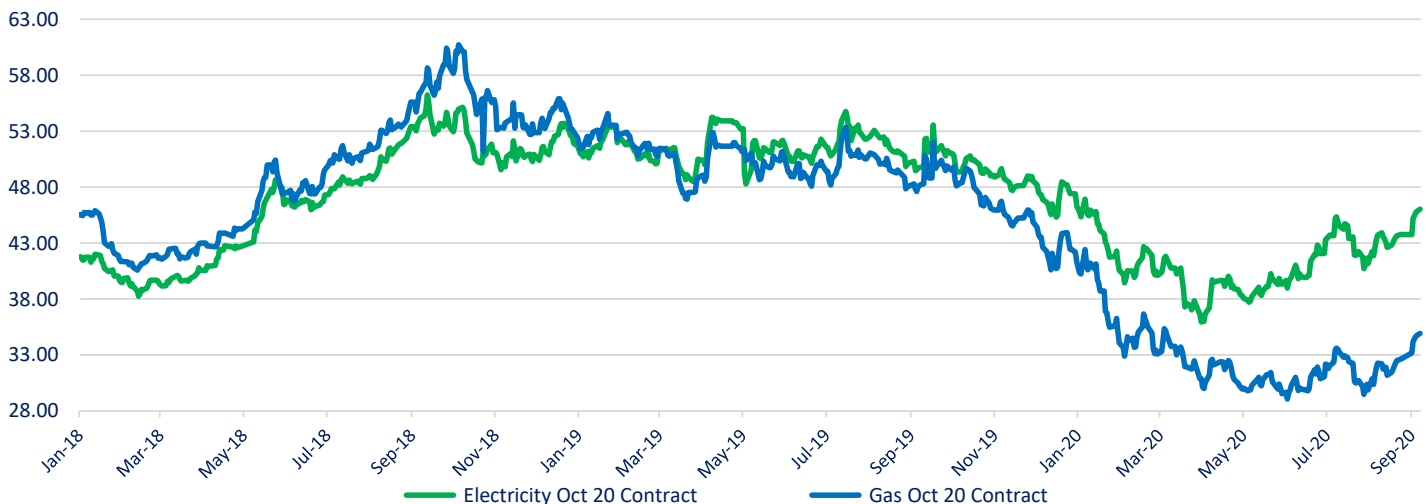


Gas Analysis

Gas Futures	Price	Change	% Change
Oct-20	29.35	-0.96	-3.17%
Nov-20	35.66	-1.00	-2.73%
Dec-20	39.75	-0.74	-1.83%
Jan-21	41.53	-0.75	-1.76%
Q4 20	34.89	-0.93	-2.59%
W 20	37.63	-1.03	-2.67%
S 21	32.41	-1.02	-3.04%
W21	42.74	-0.71	-1.63%
Oct 20 Annual	35.02	-1.02	-2.85%



Elec / Gas October 2020 Annual Prices



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