

Weekly Energy Market Report

Commentary

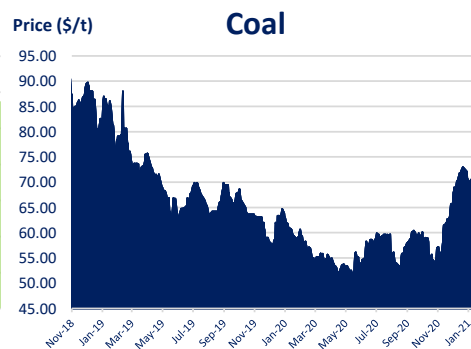
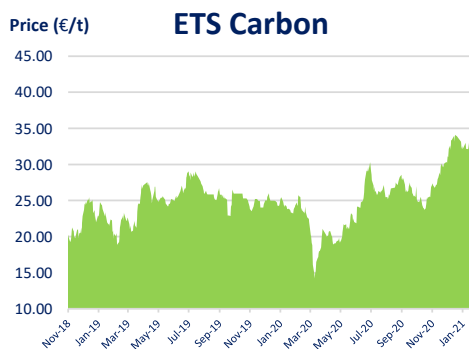
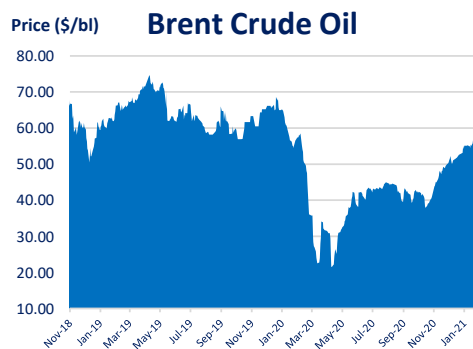
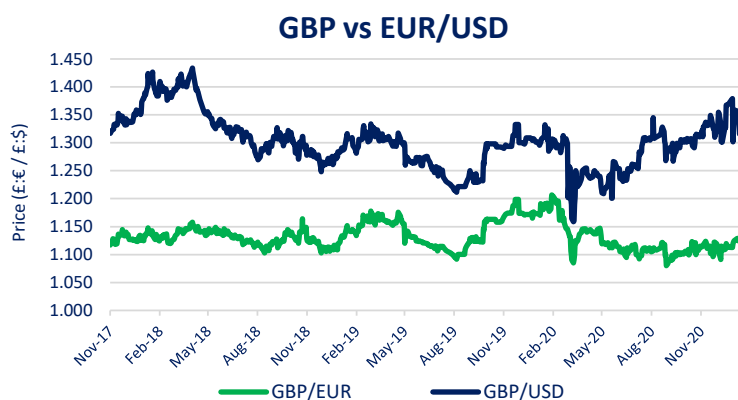
08/02/2021

Cold weather this morning has ensured demand levels sit well above seasonal norms, 20% above in fact. Near curve prices are up this morning, driven by temperatures 5 C below seasonal norms, remaining around freezing until Sunday before returning to some normality next week. Volatility remains in prices however, amid fears of prolonged cold throughout February which could see freezing temperatures persist late into the month. Despite the jump in demand, UK supply remains fairly healthy, at a least for the time being. Healthy wind generation this morning is currently contributing around 30% of the generation stack. In addition, UK gas storage levels are at 74% capacity which is above the 67% for the last 5 years average.

EUA Carbon prices extended their record high above €38 for the third straight day on Friday, holding on to most of this week's gains as the market comfortably absorbed the first full week of 2021 allowance auctions. Last week, energy sector representatives told lawmakers that linking the UK's new emissions trading scheme to the EU carbon market is the single most important issue facing Britain's energy industry, in terms of raising costs for consumers and preventing utilities from managing risk. Elsewhere, oil prices have risen to their highest in just over a year this morning, nudging past \$60 a barrel, driven by hopes for further U.S. economic stimulus which would boost demand as well as supply cuts among key producers. The Pound is predicted to maintain positive momentum against the Euro and Dollar this week, with support coming from the UK's vaccination rollout and avoidance of negative interest rates last week. The Bank of England concluded on Thursday that negative interest rates could not be introduced until preparations at commercial banks had been conducted, which would take another six months: by which time the Bank expects the economy to be enduring a post-covid rebound, meaning negative interest rates are highly unlikely. In addition, support continues to come from the UK vaccination programme with daily data confirming the UK are on course to be the first major country to unlock its economy on a sustainable basis.

Currency & Commodities

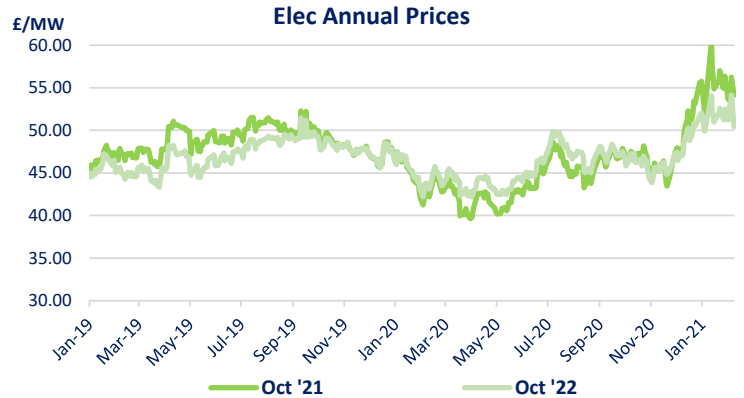
Pound vs Dollar (£:\$)	1.301
Pound vs Euro (£:€)	1.105
Brent Crude Oil (\$/bl)	42.11
EU ETS Carbon (€/t)	24.78
API2 Coal (\$/t)	58.22



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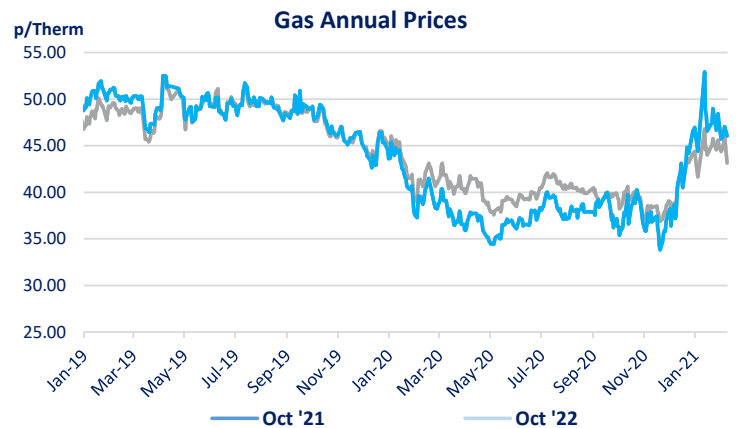
Electricity Analysis

Elec Futures	Price	Change	% Change
Mar-21	61.93	3.18	5.41%
Apr-21	57.75	1.50	2.67%
May-21	53.85	1.50	2.87%
Q2 21	52.10	0.89	1.74%
Q3 21	50.90	0.65	1.29%
S 21	54.55	2.40	4.60%
W 21	61.78	2.53	4.27%
S 22	50.48	2.48	5.17%
Oct 21 Annual	56.13	2.51	4.72%

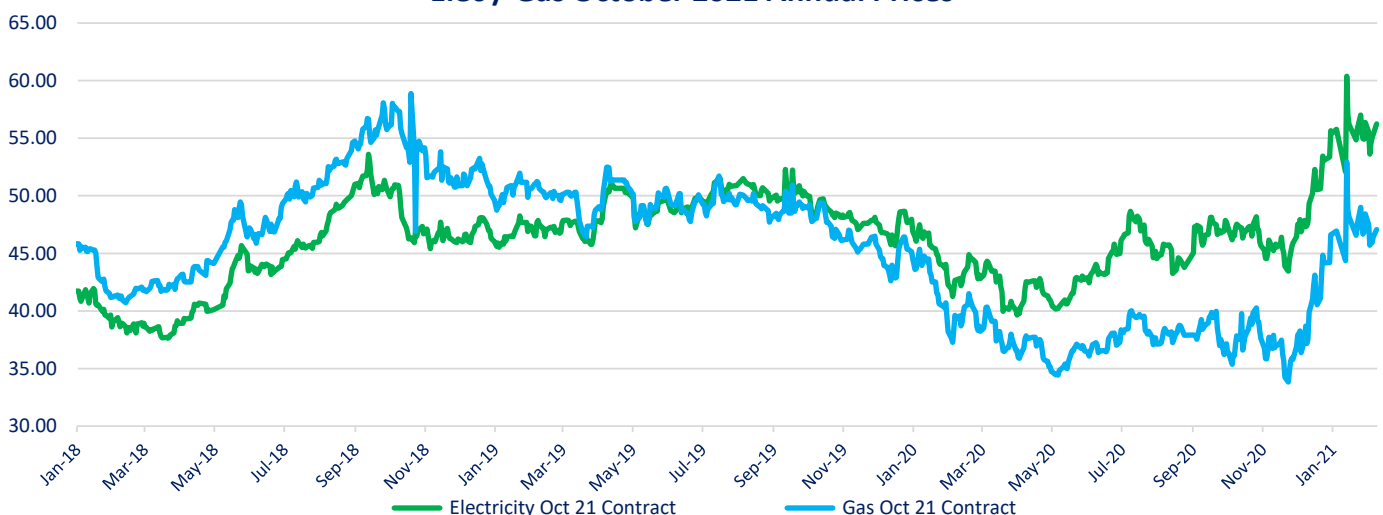


Gas Analysis

Gas Futures	Price	Change	% Change
Mar-21	48.22	5.08	11.78%
Apr-21	44.13	2.58	6.21%
May-21	41.18	1.73	4.39%
Q2 21	41.80	1.99	5.00%
Q3 21	40.85	2.01	5.18%
S 21	41.30	2.01	5.12%
W 21	49.67	1.60	3.33%
S 22	38.40	1.20	3.23%
Oct 21 Annual	44.04	1.40	3.28%



Elec / Gas October 2021 Annual Prices



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