

Weekly Energy Market Report

Commentary

12/10/2020

The supply outlook remains healthy despite temperatures dropping below seasonal norms across this week and potentially even colder the following week. Indeed, this morning's system opens oversupplied despite weak renewables contributing a lowly 20% to the generation stack, instead aided by strong Norwegian gas flows. UK Gas storage levels have replenished since the start of the month with sendout nearing net-zero. Despite storage levels nearing capacity, following reduced demand due to lockdown measures back in February, levels have since moved much lower in September, ensuring pressure remains on gas prices going into Winter.

EU Carbon prices sit at 25.4 EUR/tonne this morning - the lowest level seen since August. The price weakness follows the news that UK-based Carbon trading accounts will be cut off from the end of this year due to Brexit. British finance minister Rishi Sunak could implement a UK-wide carbon tax when the country's Brexit transition period finishes, which would eliminate the existing trading system causing weakness across Carbon trading and energy prices alike. Elsewhere, Oil prices have dropped 1% for a second straight session this morning as U.S. producers began restoring output post-Hurricane Delta. Covid risks appears to be weighing on energy prices as cases numbers in the UK and Europe continue to increase rapidly. Indeed, the UK are expecting new local restrictions to be announced today as the government looks to control the spread of the virus. Despite this news, the Pound has started the week positively against the major currencies amidst optimism on the completion of the Brexit trade deal delivery. Price movements remain volatile with nerves expected to remain elevated ahead of a crunch meeting of EU leaders on Thursday and Friday.

Currency & Commodities

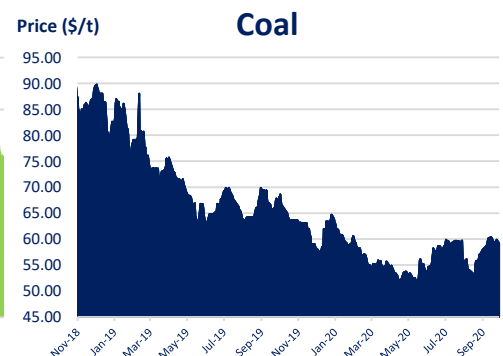
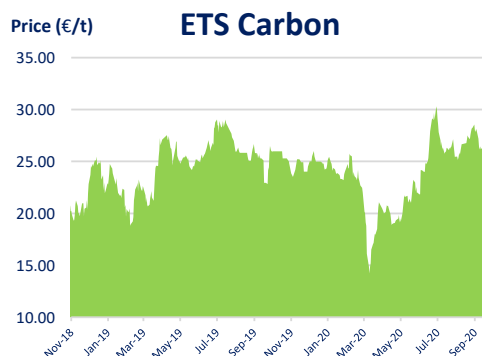
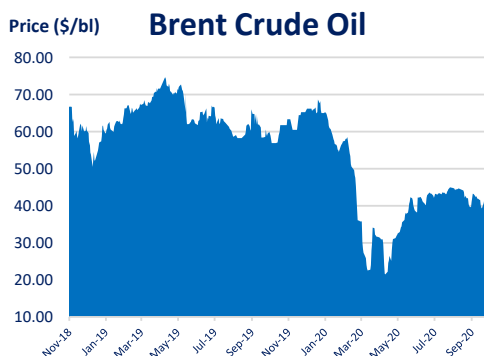
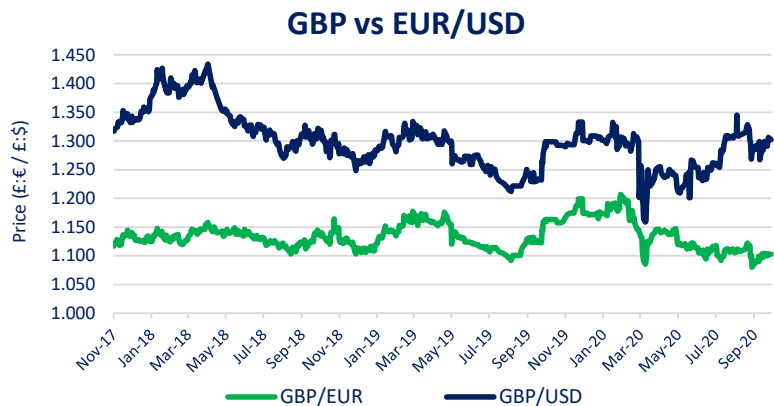
Pound vs Dollar (£:\$) 1.302

Pound vs Euro (£:€) 1.103

Brent Crude Oil (\$/bl) 42.21

EU ETS Carbon (€/t) 25.53

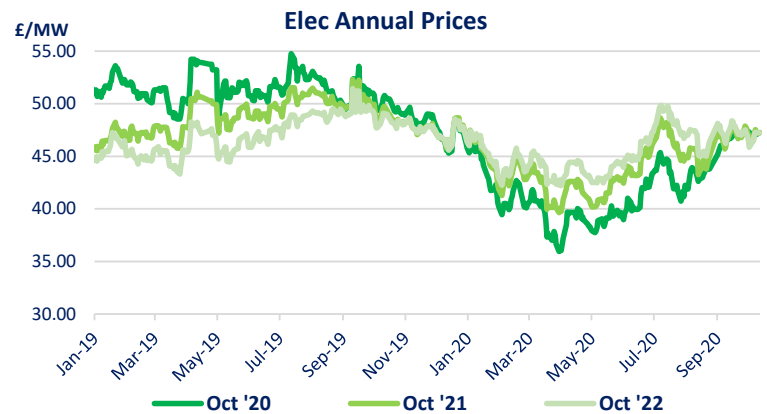
API2 Coal (\$/t) 59.20



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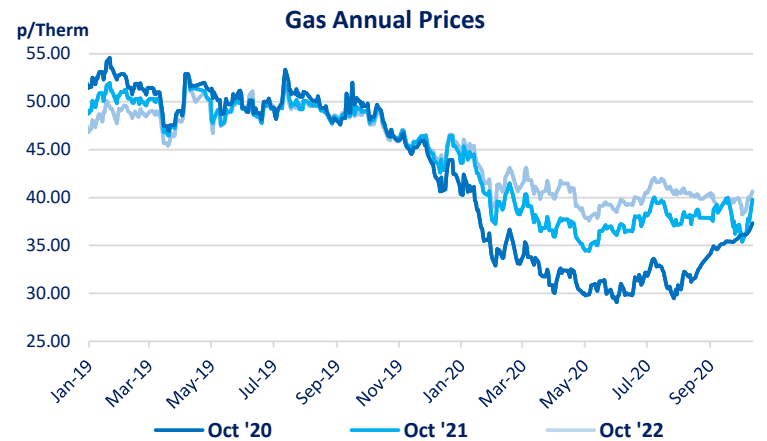
Electricity Analysis

Elec Futures	Price	Change	% Change
Nov-20	49.25	-0.88	-1.76%
Dec-20	49.45	-1.30	-2.56%
Jan-21	53.50	-0.75	-1.38%
Feb-21	53.50	-0.75	-1.38%
Q1 21	52.25	-0.04	-0.08%
S 21	42.95	-0.80	-1.83%
W 21	49.64	-0.98	-1.94%
S 22	44.12	0.09	0.20%
Oct 21 Annual	46.88	-0.44	-0.87%

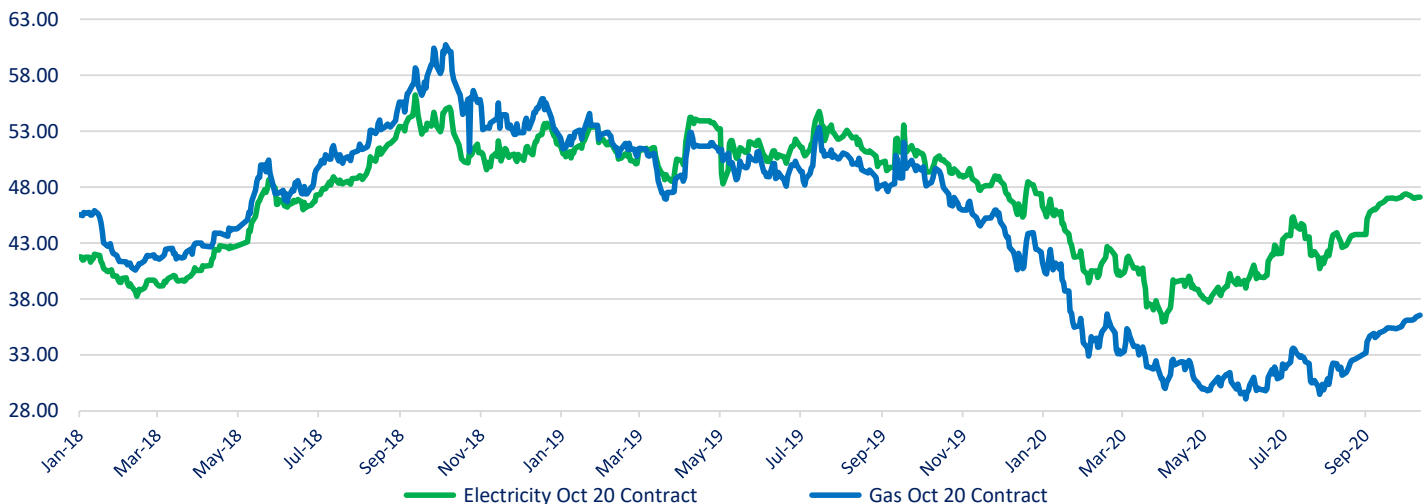


Gas Analysis

Gas Futures	Price	Change	% Change
Nov-20	37.66	-0.65	-1.68%
Dec-20	40.22	-0.56	-1.36%
Jan-21	41.89	-0.60	-1.42%
Feb-21	42.06	-0.69	-1.63%
Q1 21	40.93	-0.71	-1.71%
S 21	33.94	-0.63	-1.81%
W21	42.93	-0.37	-0.86%
S 22	35.72	-0.44	-1.23%
Oct 20 Annual	39.32	-0.41	-1.04%



Elec / Gas October 2020 Annual Prices



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