

Weekly Energy Market Report

Commentary

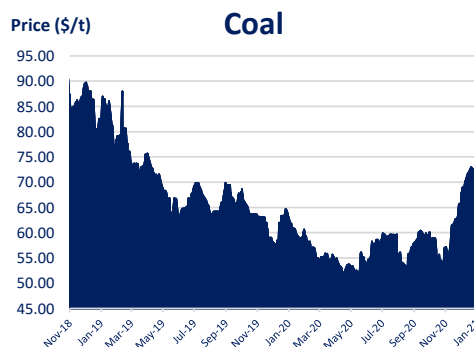
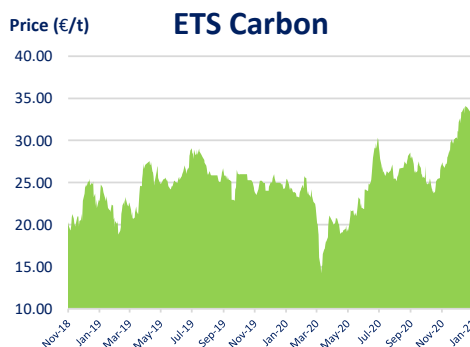
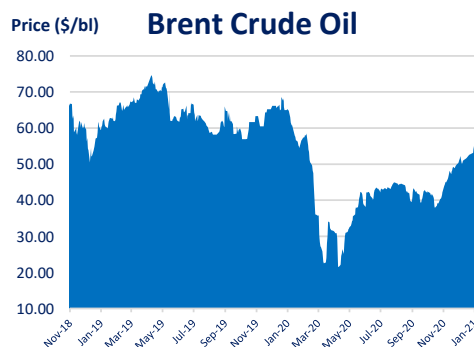
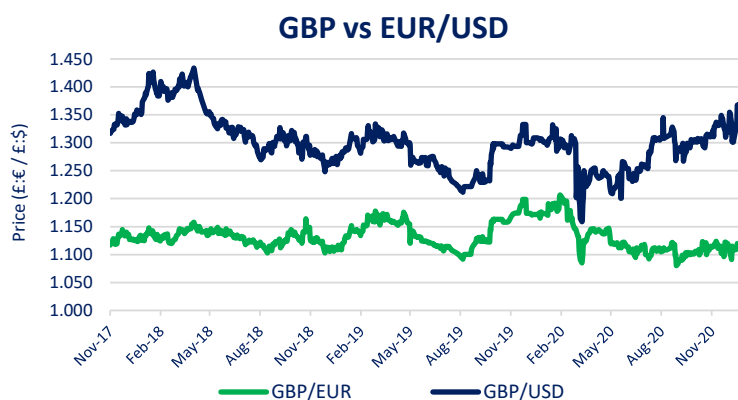
18/01/2021

Milder temperature forecasts have seen near curve prices make some downward movement this morning, as temperatures are forecast 3 C above norms for the next couple of days. This morning's temperature however is at expected levels for the time of year, helping to contribute to a long gas system at present. Strong wind generation, currently contributing 28% to the generation stack, has seen gas demand for power remain at bay and result in overall gas demand forecasts remaining below seasonal norms. Norway flows remain healthy at 127mscm as strong imports from mainland Europe via the interconnectors continue. UK mid-range storage levels are also a little below where they would typically be in mid-January, although LNG stocks in the UK look strong despite the slowdown of arrivals.

EUA Carbon prices dropped to below €32 on Friday, falling further amid continued losses to the energy complex and cancelling out gains since new year that had pushed carbon to record highs. Some analysts have raised their forecasts for EU carbon allowances in 2021, though most don't see prices rising this year much beyond this month's record high. Elsewhere, Oil prices have fallen further this morning from 11-month highs touched last week, ending the recent rally which began at the end of October following production cuts and strong Chinese demand. Instead, commodity prices again become weighed by the weak demand outlook caused by rising corona-virus cases. Namely in China, the world's second highest oil consumer, where more than 28 million people are in lockdown as Beijing tries to avoid a resurgence of the coronavirus in the country where it was first discovered. The Pound had been tipped by a most currency analysts to rally following the completion of a post-Brexit trade agreement, however the weak response by Sterling following the agreement, suggests markets had long expected this outcome. The Pound has however, picked up in the past week after Bank of England Governor Andrew Bailey calmed fears of negative interest rates, pushing back the market's expectations for such a move until later in the year. The currencies near future now lies hand in hand with the UK's vaccination process, and with the belief the process is proceeding at a pace to allow for the country to reach herd immunity before other countries.

Currency & Commodities

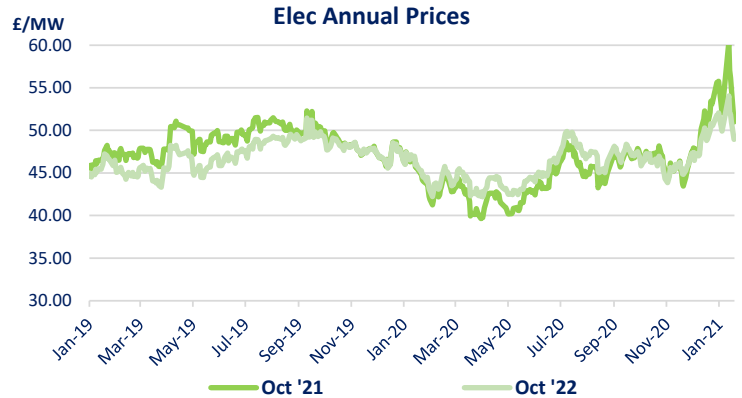
Pound vs Dollar (£:\$)	1.301
Pound vs Euro (£:€)	1.105
Brent Crude Oil (\$/bl)	42.11
EU ETS Carbon (€/t)	24.78
API2 Coal (\$/t)	58.22



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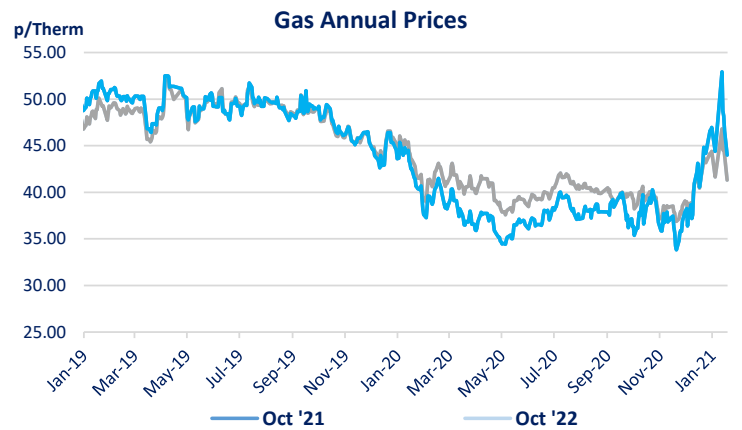
Electricity Analysis

Elec Futures	Price	Change	% Change
Feb-21	68.50	-0.63	-0.91%
Mar-21	58.88	-0.20	-0.34%
Apr-21	53.07	-0.15	-0.28%
Q2 21	56.40	-0.05	-0.09%
Q3 21	54.20	-0.03	-0.05%
S 21	50.53	-0.02	-0.04%
W 21	56.65	-0.05	-0.09%
S 22	45.43	-0.01	-0.02%
Oct 21 Annual	51.04	-0.03	-0.06%

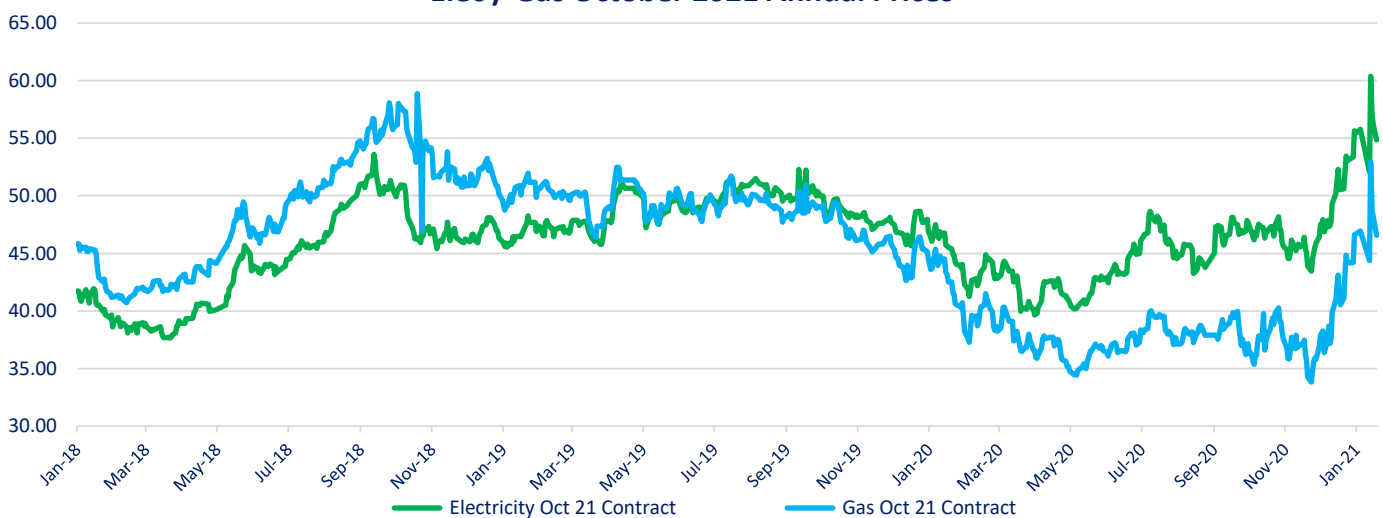


Gas Analysis

Gas Futures	Price	Change	% Change
Feb-21	55.80	-2.55	-4.37%
Mar-21	51.30	-2.16	-4.04%
Apr-21	44.83	-1.10	-2.39%
Q2 21	41.95	-0.63	-1.48%
Q3 21	39.78	-0.56	-1.39%
S 21	40.71	-0.75	-1.81%
W 21	49.15	-0.57	-1.15%
S 22	37.70	-0.50	-1.31%
Oct 21 Annual	43.43	-0.54	-1.23%



Elec / Gas October 2021 Annual Prices



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