

Weekly Energy Market Report

Commentary

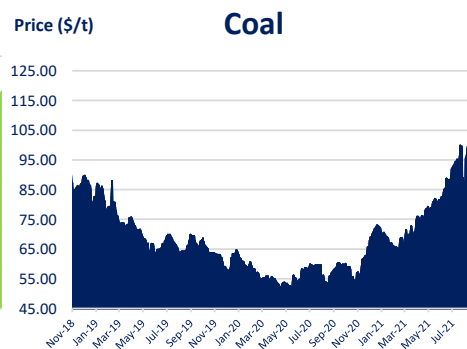
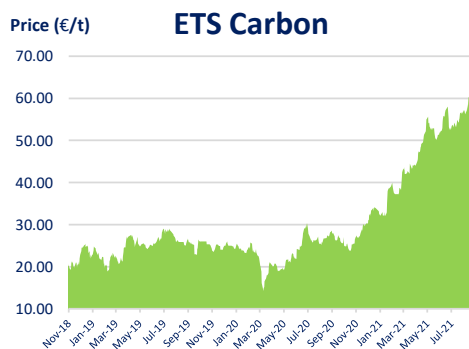
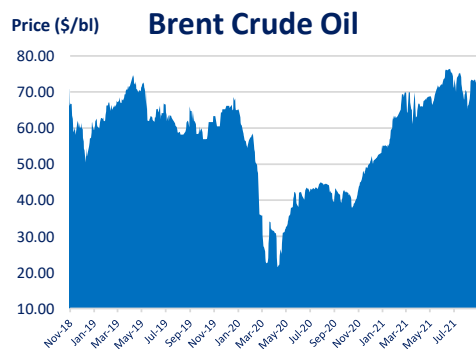
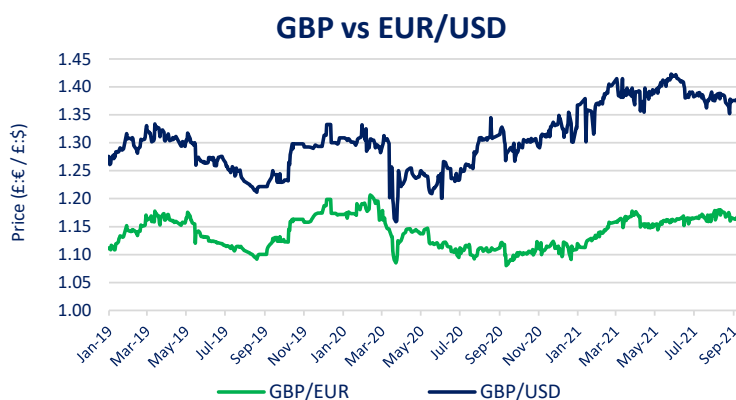
27/09/2021

The UK gas system opens the week oversupplied this morning, with demand sitting below seasonal normal levels on the back of sustained high temperatures. High levels of wind has provided some bearish pressure to Electricity costs with generation currently contributing 11.5GW or 38% of the generation stack, reducing dependence on gas powered generation which contributes only 27%. LNG flows have increased, up at 12mscm. Gas prices have resisted bearish movements last week, supported by a rise in oil prices despite lower LNG (Liquid Natural Gas) prices. Indeed, the cost of LNG shipments have eased last week as gas prices in Asia, the area which dictates LNG prices, fell on expectation of warmer weather in Japan and South Korea for October and November. The U.S is planning new and expansion LNG projects to increase its LNG export to 20bn cubic feet/d compared to 10bn cubic feet/for the first half of the year, though this is unlikely to ease UK and Europe's short term supply Gap.

Brent crude is approaching a three-year high this morning as concerns about supplies resulting from US stock depletions after Hurricane Ida continue to influence the market. Despite UK residents struggling to obtain fuel, overall Oil demand and supply remains unchanged with the current crisis being a result of logistical issues and panic buying, which is expected to settle within a fortnight. Carbon prices rose to a new record on Friday amid a surge of buying, especially UKA Carbon which set a new all-time high as funds piled in and buyers chased the market higher in an effort to secure supply. UK Carbon prices have started to move away from it's European counterpart, currently sitting near 15% above, inline with the UK's more ambitious environmental goals. The Pound-to-Euro exchange rate starts the new week at 1.1660 which places it towards the middle of a range that it actually entered back in February and further moves sideways are likely in a week devoid of major economic data releases, although Germany's election will provide some initial talking points. Germany's centre-left Social Democrats (SPD) claimed victory in the preliminary results giving the party a narrow election win over the conservatives who suffered their worst-ever performance.

Currency & Commodities

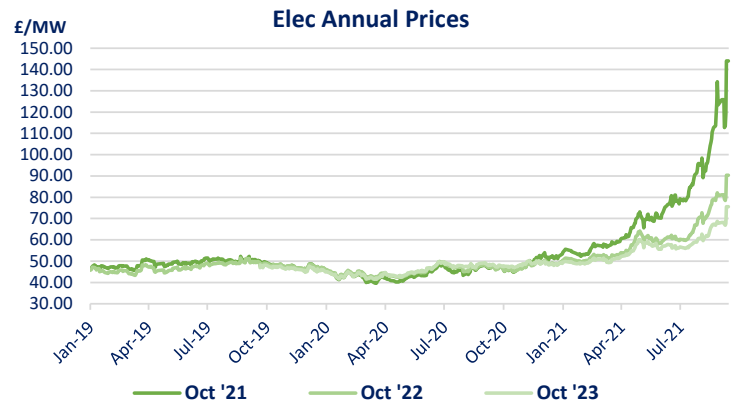
Pound vs Dollar (£:\$)	1.370
Pound vs Euro (£:€)	1.171
Brent Crude Oil (\$/bl)	79.01
EU ETS Carbon (€/t)	63.95
API2 Coal (\$/t)	147.25



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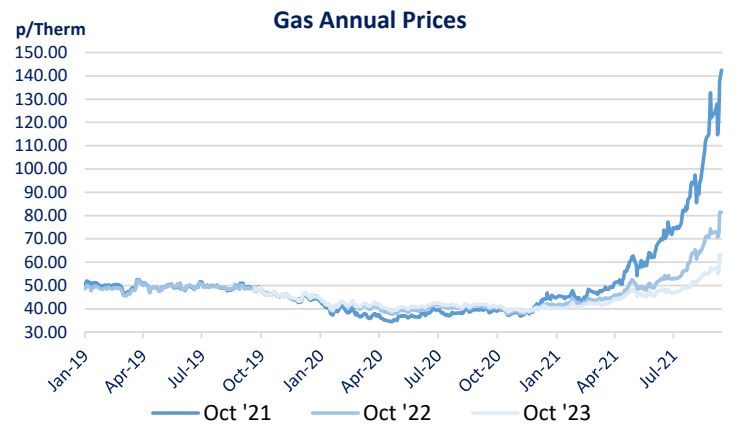
Electricity Analysis

Elec Futures	Price	Weekly Change	
Oct-21	192.13	17.13	9.79%
Nov-21	196.00	26.75	15.81%
Dec-21	197.50	32.75	19.88%
Q4 21	192.75	21.25	12.39%
Q1 22	186.26	18.21	10.84%
W 21	177.50	21.88	14.06%
S 22	101.23	9.13	9.91%
W 22	107.50	13.25	14.06%
Oct 21 Annual	139.37	10.49	11.99%

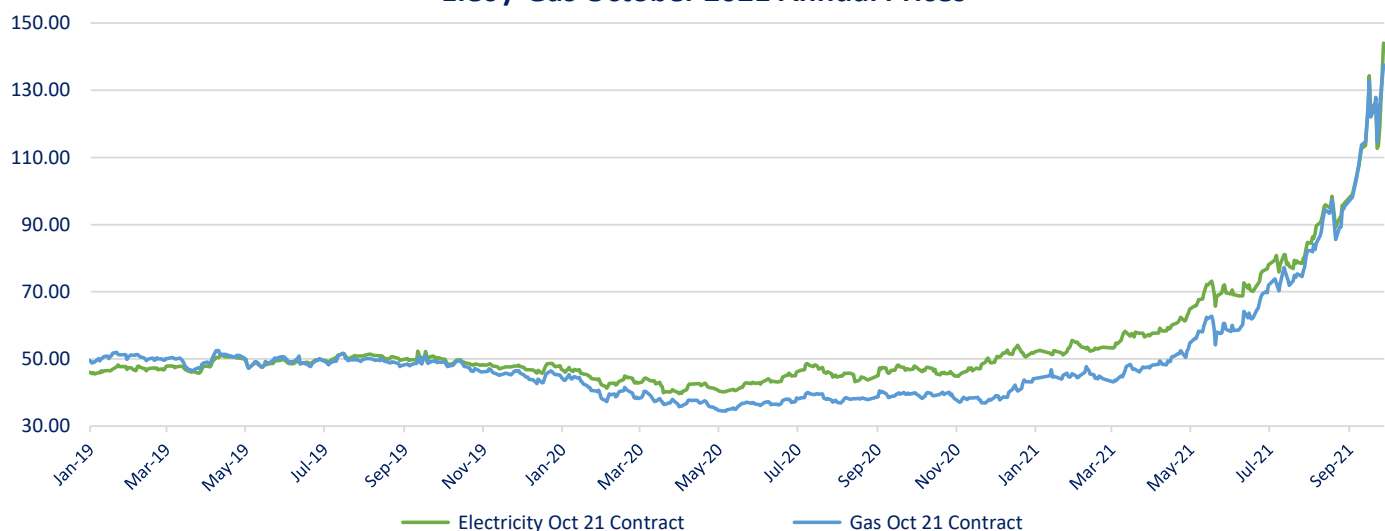


Gas Analysis

Gas Futures	Price	Weekly Change	
Oct-21	185.98	13.19	7.63%
Nov-21	194.75	16.90	9.50%
Dec-21	196.81	17.05	9.48%
Q4 21	192.48	15.68	8.87%
Q1 22	191.69	16.92	9.68%
W 21	191.63	15.83	9.00%
S 22	99.47	15.57	18.56%
W 22	102.94	14.91	16.94%
Oct 21 Annual	145.55	15.70	12.09%



Elec / Gas October 2021 Annual Prices



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