

Weekly Energy Market Report

Commentary

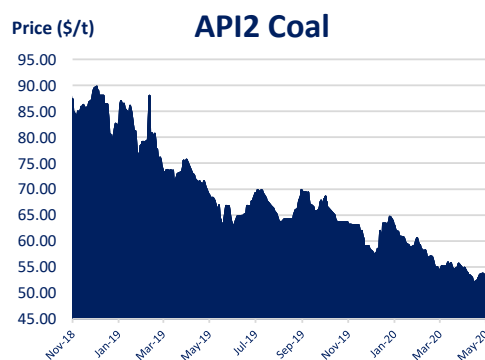
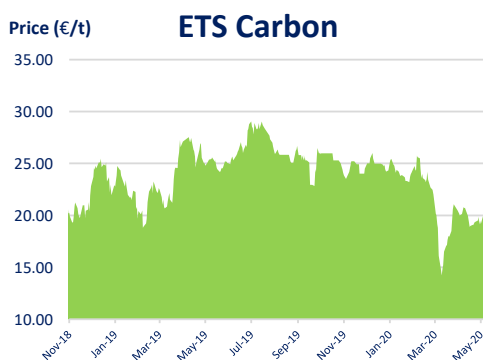
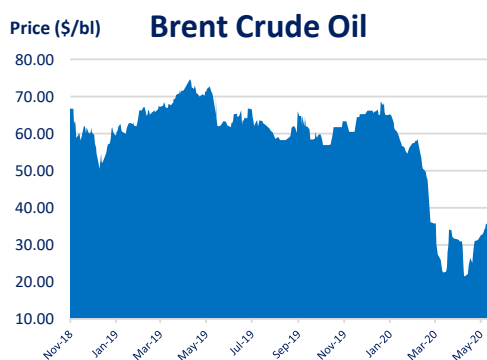
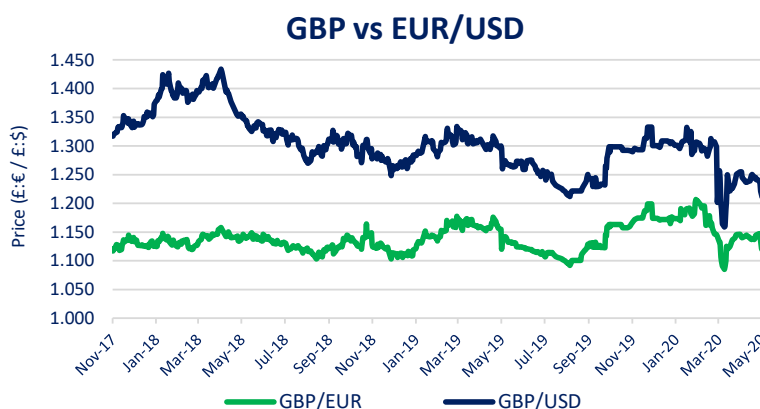
26/05/2020

A soft demand/supply complex drove short-term contract prices downwards towards the back end of last week. This move was a consequence of increasing levels of wind generation, higher temperatures, higher solar generation levels and lower national demand forecasts as the country headed into a bank holiday weekend. Early signs this morning are that some price correction is taking place. Temperatures are expected to cool somewhat and with Russian gas flows into Western Europe dropping by over 15% over the course of the weekend, some upward impetus has bolstered short term pricing.

A strengthening wider commodity mix added some bullish sentiment to prices further along the curve. Indeed, the Brent Crude Oil price is one such benchmark that has held onto previous gains. The demand picture for Oil continues to improve as global lockdown gradually eases, boosting forecasted demand levels for the commodity. This, coupled with suggestions that OPEC+ and the US are continuing to restrict production levels effectively has improved the price outlook even further. EUA Carbon also held comfortably above the 21 Euros/tonne level, responding to gradually increasing European energy demand. Naturally, headlines remain focused on Dominic Cummings' movements and his much debated breach of lockdown rules. It's worth noting, however, that confirmation of schools reopening from the start of June onwards and the reopening of non-essential shops from the middle of the month, will have the larger impact on British lives and the British economy. Furthermore, a rally in global stocks has allowed the Pound to show some resilience against its counterparts though ongoing investor focus will remain on Brexit trade negotiations for the remainder of the year.

Currency & Commodities

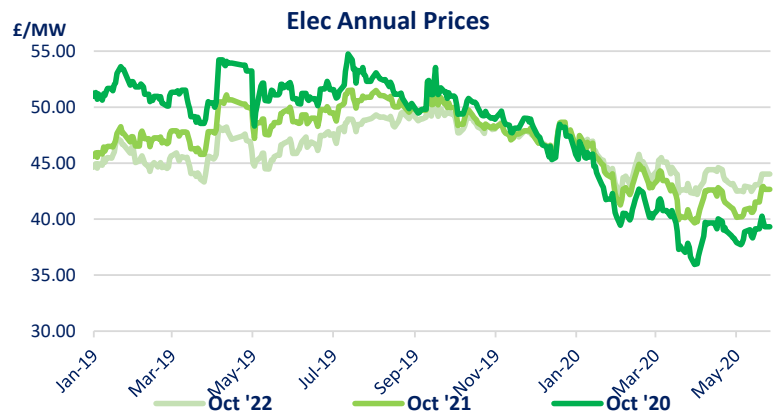
Pound vs Dollar (£:\$)	1.232
Pound vs Euro (£:€)	1.123
Brent Crude Oil (\$/bl)	36.03
EU ETS Carbon (€/t)	21.55
API2 Coal (\$/t)	52.43



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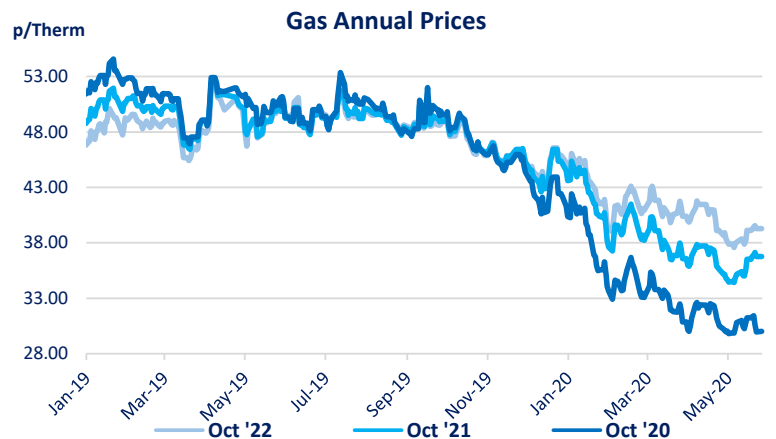
Electricity Analysis

Elec Futures	Price	Change	% Change
Jun-20	24.00	0.25	1.04%
Jul-20	25.10	0.45	1.79%
Aug-20	26.32	0.35	1.33%
Q3 20	27.14	0.45	1.66%
Q4 20	38.90	0.50	1.29%
W 20	36.07	1.70	4.95%
S 21	37.70	0.20	0.53%
W 21	45.60	0.26	0.57%
Oct 20 Annual	36.89	0.95	2.74%

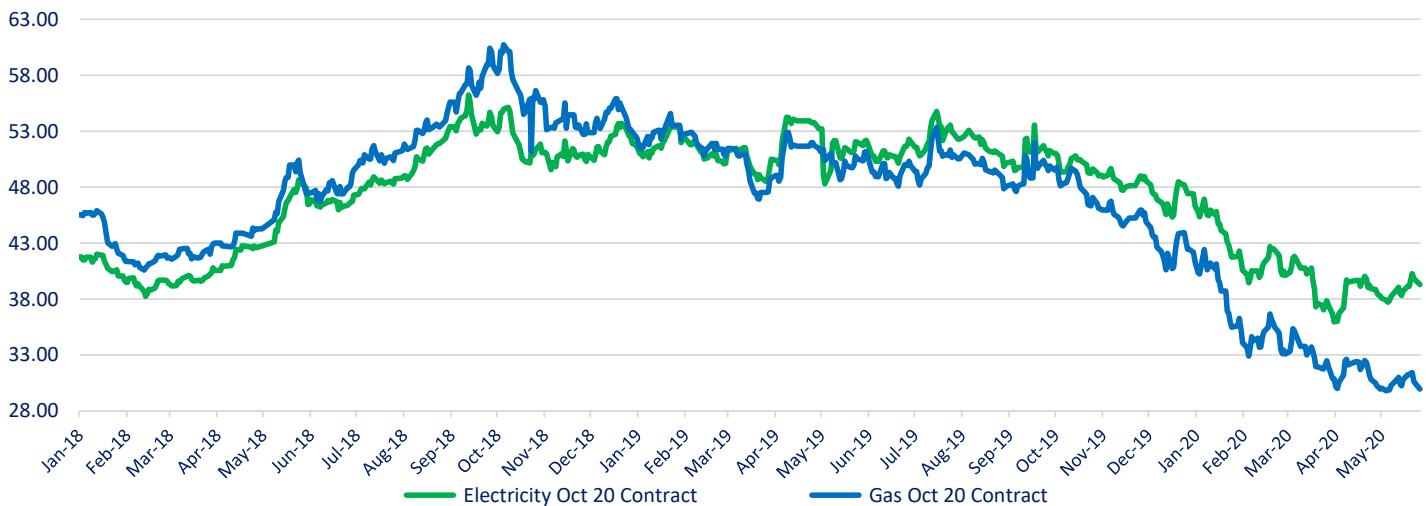


Gas Analysis

Gas Futures	Price	Change	% Change
Jun-20	11.41	1.95	20.56%
Jul-20	11.63	1.70	17.12%
Aug-20	13.15	1.50	12.88%
Q3 20	13.51	1.40	11.52%
Q4 20	27.63	0.86	3.22%
W 20	31.58	0.95	3.09%
S 21	29.66	0.46	1.57%
W21	40.15	0.43	1.08%
Oct 20 Annual	30.62	0.70	2.33%



Elec / Gas October 2020 Annual Prices



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