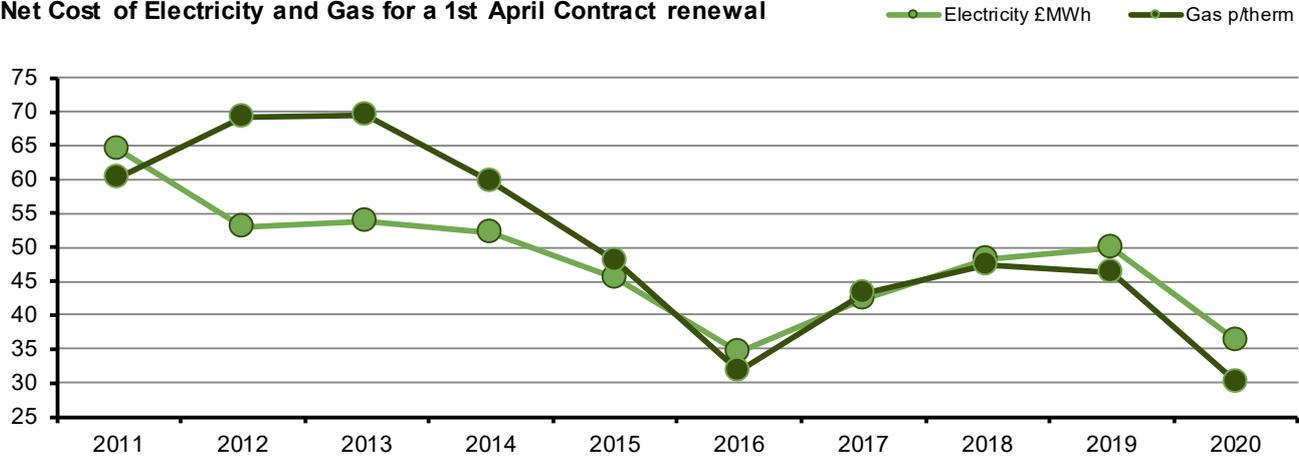


month on month marketview

Review of: March 2020

Net Cost of Electricity and Gas for a 1st April Contract renewal



Electricity: base load cost - excludes distribution, taxation and supplier margin and costs

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
64.4	52.95	53.83	52.13	45.48	34.63	42.48	48.13	49.9	36.33

Gas: core gas cost - excludes distribution, taxation and supplier margin and costs

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
60.17	69.28	69.56	59.75	48.05	31.73	43.08	47.28	46.15	30.17

▲ : Indicates that there was an upward pressure on prices.

▼ : Indicates that there was a downward pressure on prices.

March in summary

March was bearish with prices edging lower throughout the month as demand fell as more and more business moved towards shutdowns, and employees working from home.

Market volatility

The volatility throughout March came from uncertainty surrounding the global Corona Virus pandemic, however ended the month lower due to much lower demand for gas.

Weather

March began with a cool showery westerly type, bringing sunshine, showers, and occasional longer spells of rain, with sleet and snow on high ground. It was generally milder and more unsettled from the 7th to 15th, with belts of rain crossing the country at regular intervals, interspersed with brighter showery weather. High pressure then slowly built across the British Isles, and a spell of dry sunny weather followed for most of the country, with much of England, Wales and southern Scotland having plenty of sunshine from the 22nd to 27th inclusive, with warm days and cold nights. During this spell, slow-moving fronts often brought more cloud and some rain to northwestern Britain. A northerly outbreak brought wintry showers to eastern areas on the 28th, followed by mostly dry but relatively cloudy weather.

Gas, Storage and LNG News ▼

Gas Prices were under pressure at the start of the month, with shutdowns across Europe for summer months becoming ever more likely and strong flows from Norway and Russia meeting weak domestic demand. Reduced Norwegian flows and lower LNG sendout combined to lend support to day-ahead contracts. Domestic demand strengthened throughout the month as more people moved to work from home.

More European nations announced lockdowns and secondary consumption demand had begun to drop. The prompt was slightly bullish however through to midweek, in line with low wind generation, lower temperatures, and an undersupplied gas system. The seasonal contracts continued to sell off despite this, with prices in EUAs touching near two-year lows at the same time, as fears of an Italy/France style lockdown in the UK overshadowed the market. Demand for gas from power generation had dropped by 36% due to broadening commercial shut-downs and increased renewable generation, which exacerbated losses to the point where contracts up to Summer '20 were trading below 20p/therm.

Politics and global economics ▲

Corona Virus has had unprecedented effects on both the UK and global economy. With over 80% of businesses shut down to ad-here to the social distancing measures enforced by the government. More most probably will be needed as the pandemic escalates and essential supplies and finances becomes increasingly under strain.

The outbreak is set to have a material impact on the global economy, at least in the short term, although it is too early to tell with any certainty how long the impact could last. A lot will depend on when a viable vaccine becomes available and how the pandemic evolves.

Oil ▼

Having slumped 25% since the beginning of the year as the Coronavirus' demand destruction deteriorates week-by-week market, participants are now awaiting what measures, if any OPEC take. Talk of an implementing an additional 600kbpd of production cuts has been discussed but Russia seems further reluctant to commit yet. Several OPEC members have been jawboning, warning others of potential Economic pain ahead in an effort to garner support. Recent upside came as reports of falling Coronavirus cases stirred the bulls across asset classes. However, the outlook remains bearish. Weak refinery demand in China and potential reopening of ports in Libya and with it an additional 1mbpd of crude supply that is not desired.

Oil closed the month lower than previous on the back of lower demand amid the Corona Virus pandemic. Further volatility was supported by the ongoing talks to cut production, which was fulfilled in early April.

Coal

Coal prices and outlook remain down and as per the other wider fuels complex, the escalation of the coronavirus has impacted what was already a struggling commodity. Coal has lost 10% since the start of the year. Storages remain elevated, and demand, not only in Europe but across the major Asian countries is significantly below seasonal averages. The global gas glut, low price environment milder temperatures and increased renewables only exacerbates the downside likelihood, outlook remains bearish.

Carbon

Carbon remains skewed to the downside, even without the additional demand destruction from the Coronavirus, as extant bearish fundamentals remain. Wind

speeds have been elevated as storm Ciara & Dennis lashed North West Europe; German wind forecasts see above average wind speeds until the end of the month which will see demand from generators remain suppressed.

Looking Ahead

Markets will be particularly susceptible to the oil cuts, which have now been announced, this has however not had the desired effect on oil prices with Brent continuing to fall. Uncertainty surrounding Corona Virus will also be at the forefront of market news as we continue through these unprecedented times.

Disclaimer: The above information is based on current market data available at the time of producing this document and is subject to change.

ECA cannot be held responsible for movement in the commodity market.

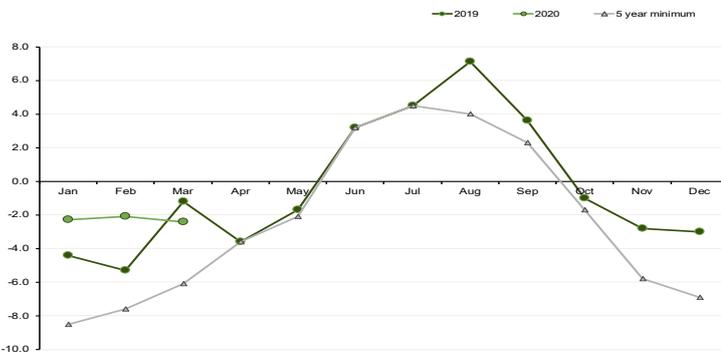
month on month marketview

Review of: February 2020

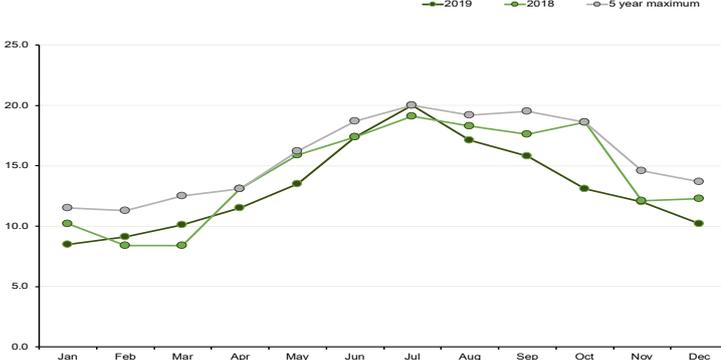
Average Temperature



Minimum Temperature



Maximum Temperature



Average temp: 2020: Summary

2020 Summary v 5 Year Average

(* Positive numbers = warmer, negative = colder than 5 year average)

2020	Feb	Mar	Year total
°C	0.3	-0.5	-4.2
%	5.6%	-8.8%	-42.8%

2019 v 2020 Summary

(* Positive numbers = warmer, negative = colder than 2019)

2020	Feb	Mar	Year total
°C	-1.5	-0.9	-3.7
%	-22.3%	-13.1%	-39.8%

Min temp: 2020: Summary

2019 Summary v 5 Year Average

(* Positive numbers = warmer, negative = colder than 5 year average)

2020	Feb	Mar	Year total
°C	5.5	3.7	6.1
%	-72.4%	-60.7	-71.8%

2019 v 2020 Summary

(* Positive numbers = warmer, negative = colder than 2019)

2020	Feb	Mar	Year total
°C	3.2	-1.2	2.9
%	-60.4%	-100%	-54.7%

Max temp: 2020: Summary

2020 Summary v 5 Year Average

(* Positive numbers = warmer, negative = colder than 5 year average)

2020	Feb	Mar	Year total
°C	-1.2	-2.3	-9.8
%	-10.6%	-18.4%	-49%

2019 v 2020 Summary

(* Positive numbers = warmer, negative = colder than 2019)

2020	Feb	Mar	Year total
°C	1.0	0.1	-9.8
%	11%	1%	-49%

Met office UK summary

March began with a cool showery westerly type, bringing sunshine and showers and occasional longer spells of rain, with sleet and snow on high ground. It was generally milder and more unsettled from the 7th to 15th, with belts of rain crossing the country at regular intervals, interspersed with brighter showery weather. High pressure then slowly built across the British Isles, and a spell of dry sunny weather followed for most of the country, with much of England, Wales and southern Scotland having plenty of sunshine from the 22nd to 27th inclusive, with warm days and cold nights. During this spell, slow-moving fronts often brought more cloud and some rain to north-western Britain. A northerly outbreak brought wintry showers to eastern areas on the 28th, followed by mostly dry but relatively cloudy weather.

Utility impact summary

The average temperature across the UK of 5.7°C this March is slightly cooler than the 5 year average and last year.

The minimum temperature extreme was colder than last year at -2.4°C but the maximum temperature extreme was almost identical to last year. At 10°C.

Although weather is a key driver of consumption the main influence this month is likely to be the impact of the covid-19 lockdown. If you have shutdown some or all of your sites track your energy consumption to ensure everything possible has been turned off and you are not wasting money at this key time.