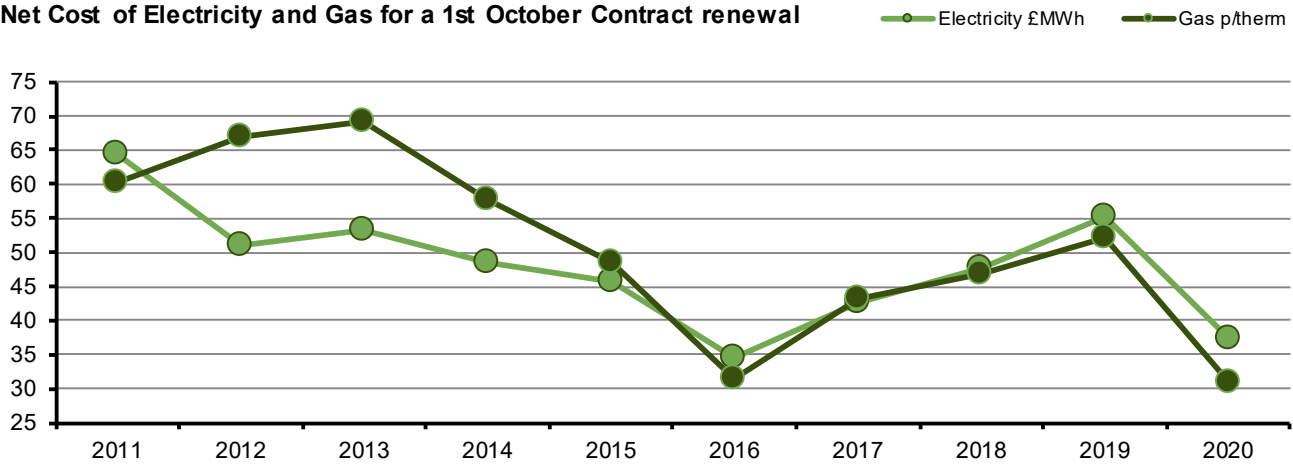


week on week

marketview

Report issued: 14th April 2021

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



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

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
50.99	53.20	48.47	45.64	34.39	42.75	47.55	55.33	37.33	57.73

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

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
66.92	69.16	57.63	48.36	31.41	43.16	46.71	52.03	30.84	48.25

Week commencing 5th April 2021

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$62.73	50.24	£62.61	\$70.25	-2.8
End	\$63.30	50.38	£63.40	\$66.60	-0.9

Gas prices began the week with strength after a long weekend, however this was eroded over the week as front month dropped. Volatility remaining high and intraday ranges of 1.50p/therm on three of the four trading days.

Fundamentals looked relatively bullish with cooler temperatures and low wind although the system managed these bullish drivers relatively comfortably.

Power traded up strongly on Tuesday, settling some £1.51/MWh above Friday's settlement, however over the week tracked losses in gas. Losses were somewhat less pronounced however, due to support from carbon.

Week commencing 29th March 2021

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$64.45	49.68	£60.53	\$75.10	-2.5
End	\$62.73	50.24	£62.61	\$70.25	-2.8

UK gas opened on a bearish note to start last week amid the reopening of the Suez canal whilst warm weather pressured demand. The market turned bullish after as colder weather forecast for the first half of April, combined with a series of Norwegian supply outages and increased concerns around market tightness this summer with storage at low levels. Strong LNG imports will need to continue to fill storage levels ready for next winter. UK power drew strength from both gas and carbon last week amid colder weather at the start of April and the potential for a tighter gas market this summer due to low storage levels. Low liquidity was seen at times however in the run up to the bank holiday weekend, with a lack of buyers contributing to spark spreads narrowing.

Week commencing 22nd March 2021

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$63.64	47.36	£58.88	\$72.20	-3.5
End	\$64.45	49.68	£60.53	\$75.10	-2.5

The prompt gas market saw a sudden shock upwards as questions were placed on future Qatari LNG supplies as the Suez Canal remained blocked for all of last week. The greatest rise was seen in the front month contract which lifted 5.2p/th as the expected impact to supplies is set to be realised within the next two weeks. Reduced demand off stricter lockdowns and warmer temperature forecasts was able to place a partial cap on prices yet the uplift still managed to follow-on into seasonal contracts. Expectations of high wind generation helped to drop power prompt clean sparks and outright power as CCGT demand lowered. The greatest fall was seen in the day-ahead contract. Curve contracts were pushed higher as the Suez canal blockage disrupted global supply routes and added premium to gas and oil markets. With gas supply disruption and colder weather forecast for next week more pressure will be put on European gas storage sites to refill prior to next winter.

Week commencing 15th March 2021

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$69.41	50.34	£60.94	\$68.10	-1.0
End	\$63.64	47.36	£58.88	\$72.20	-3.5

UK gas contracts were pressured through most of last week amid easing demand and strong LNG imports. LNG send-out is set to remain strong with monthly flows expected to reach the highest since Dec '19. Further losses were capped amid uncertainty regarding low storage levels in Europe, as LNG imports will need to stay high through summer in order to fill up storage amid lower pipeline flows. Power contracts declined in line with falls in both NBP gas and European carbon last week. Additional pressure came from concerns over future consumption demand in Europe off rising COVID-19 cases and a slow vaccine rollout.

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.