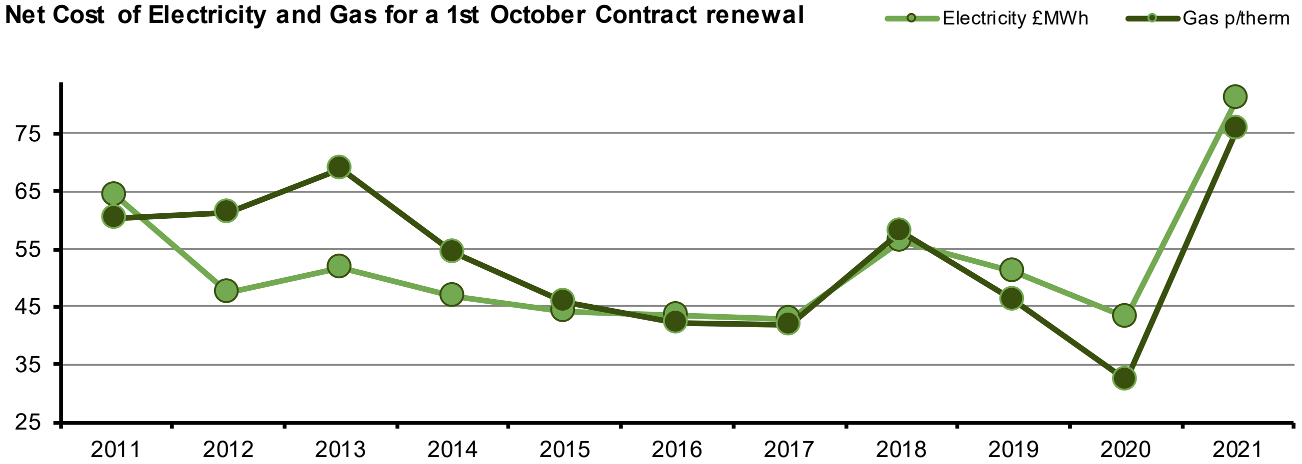
week on week

marketview

Report issued: **14th** July 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
47.29	51.67	46.74	44.11	43.42	42.95	56.35	50.95	43.1	81.18

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

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
61.42	68.74	54.28	45.81	42.1	41.98	58.13	46.13	32.14	75.65

Week commencing 5th July 2021

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	$75.95	81.48	£85.85	$128.75	14.3
End	$75.48	83.31	£85.52	$132.00	14.3

Last week saw mass volatility and large traded ranges across commodity markets, but particularly so in gas. Front month started the week strong, continuing the prior week's strength supported by the news that Gazprom had not booked any annual capacity on the Yamal pipeline. However, Tuesday and Wednesday saw a massive reversal with the contract dropping over 15p/therm from Tuesday's open to Wednesday's settlement. The rest of the trading week saw the contract push higher, all but reversing the Power markets lagged gas to some degree exhibiting fewer wild swings and was hampered somewhat by weaker carbon. Dec 21 EUAs suffered losses on three out of five trading days last week with the heaviest daily loss on Tuesday standing at €4/tonne. Brent markets also saw wide trading ranges. Volatility stemmed from disagreements between Saudi Arabia and the UAE on the continuation of OPEC+ oil supply cuts, which saw the contract lose just over $3.60/barrel between Tuesday's open and Wednesday's settlement. Support was found later in the week as US crude and gasoline inventories fell double that of analyst expectations.

Week commencing 28th June 2021

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	$75.62	77.00	£82.39	$117.80	11.9
End	$75.95	81.48	£85.85	$128.75	14.3

Last week saw gains across the complex, especially so in gas markets where front month pushed over 9p/therm higher than the prior week's settlement. The front of the gas curve continues to be supported by the same underlying fundamentals of strong Asian demand for LNG and low storage levels across Europe. However also adding some further support last week was the news of unplanned Norwegian maintenance as well as the high levels of planned maintenance in July with both the Nord Stream 1 and Yamal assets due to be taken offline. This, along with extremely strong hub pricing,further stokes fears of refilling storage levels to adequate levels to cope with a cold Winter. Further down the NBP curve, pricing rallied but gains faded towards the backend. Power markets tracked gains in gas and carbon. Carbon markets were generally bullish last week, being dragged higher by rampant gas hub pricing. Brent markets were initially weak on Monday as traders were concerned over growing delta variant COVID-19 cases, although strong demand manifesting in US crude stock drawdowns helped to bring buyers to the fore once again. Late in the week volatility was added by a public disagreement between OPEC+ members and the UAE whereby OPEC+ wants to increase crude production to match higher demand whilst the UEA wants to continue to limit supply and support pricing.

Week commencing 21st June 2021

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	$73.50	71.32	£76.48	$106.00	8.2
End	$75.62	77.00	£82.39	$117.80	11.9

Another bullish week across the energy complex with fundamentals unchanged as renewable output remains lower, continued cooler temperatures and a strong Asian LNG bid all mean that injection season has faltered. On Monday, gas prices rallied early on, with the front month NBP contract trading at levels not seen since January as bullish sentiment continues seemingly unchecked. Demand has remained below seasonal norms, despite some cooler and wetter weather which could help prices reverse if we experience some warmer and sunnier weather. Another glimmer of hope on the horizon is that Nord Stream 2 will come online in good time, and we will see a pick-up in Russian gas flows to Europe. Carbon prices managed to post another positive week as Dec 21 EUA's rose by €3.15/tonne to settle above €55/tonne. Brent prices stepped higher last week as drawdowns on U.S crude stocks, growing optimism over global fuel demand recovery and expectations that OPEC+ will not rush to force supply back into the market ultimately helped the Aug 21 Brent contract settle $2.67/barrel up come Friday.

Week commencing 14th June 2021

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	$72.83	69.72	£75.34	$120.15	8.1
End	$73.50	71.32	£76.48	$106.00	8.2

Last week saw gas and power prices lifted along the curve as attention to storage injections re-ignited with temperatures across the UK dropping off, halting the injections we had seen whilst temperatures were often in the mid-20°C's. Prices initially shifted higher on Monday, finding support from seemingly ever-present low storage coupled with Asian bid for LNG pushing the marginal price higher. Following this, weakness in carbon filtered through to gas and power, steering contracts lower. The story continued on Wednesday, with moves tracking carbon which saw a late sell off in Dec 21 EUA's push the rest of the complex lower. Sentiment changed come Thursday however as gas and power, to a lesser extent, took less direction from carbon which posted a €0.19/tonne within day loss. Gas marched higher, managing gains along the curve, albeit slight ones. Friday morning started quietly with prices drifting lower in what looked set to be a quiet day after a volatile week. This did not last though and over the course of the afternoon gas started to trade higher only to rally further still after the market had settled. Forecasts of low wind generation and continued tightening of LNG send-out coupled with an unplanned outage at the Karsto processing plant, spooked the shorts and sent them running for cover.