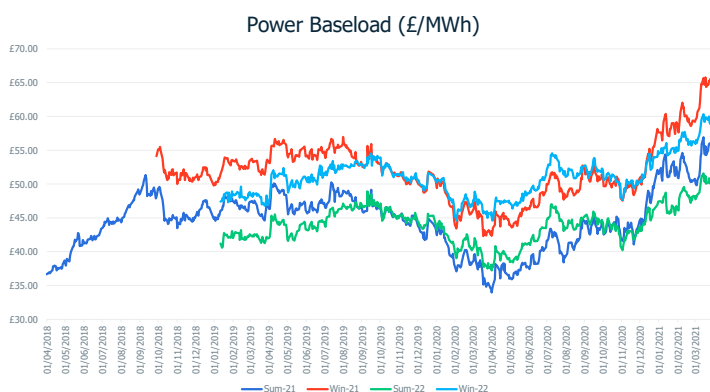


Weekly Energy Report

29 March 2021

Power

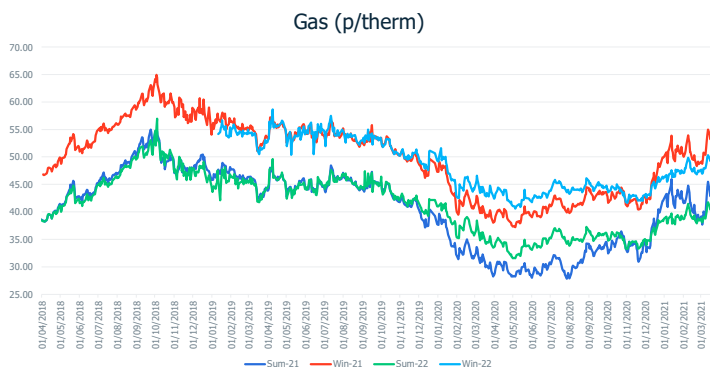


Contract	Price (£/MWh)		
	Previous Weeks Close	Last Weeks Close	
Apr-21	£ 55.09	£ 57.27	▲
May-21	£ 53.39	£ 55.40	▲
Jun-21	£ 54.61	£ 56.26	▲
Q2-21	£ 54.35	£ 56.30	▲
Q3-21	£ 54.17	£ 55.86	▲
Sum-21	£ 54.26	£ 56.08	▲
Win-21	£ 64.37	£ 65.52	▲
Sum-22	£ 50.06	£ 50.37	▲
Win-22	£ 59.86	£ 58.91	▼
Sum-23	£ 46.59	£ 46.59	■
Win-23	£ 56.20	£ 55.72	▼

Summary

The April 21, Summer 21 and Winter 21 baseload contracts increased by £2.18/MWh, £1.82/MWh and £1.15/MWh respectively over the week. The fundamentals in the gas market filtered into the power curve with higher spark spreads and a volatile carbon market. Bearish fundamentals on the prompt capped prices increases as renewables accounted for 57% of the generation mix across the week which suppressed gas-fired output to just 22%. Solar generation is expected to rise this week and temperatures are expected to be close to 4°C above seasonal normal in the first half of this week before dropping below the average from Friday. For the summer season there are expectations of higher nuclear and renewable generation in Europe which will help reduce system tightness, however movements in the wider energy complex will continue to remain a major influence on power prices. The December 21 EUA decreased by €0.07/tonne, settling at €41.73/tonne. For the majority of the week, prices were trending lower dipping below the €40/tonne mark on Thursday before ending the week strong over speculative buying. The third wave of the virus across Europe, slow vaccine rollouts and increasing restrictions all played a part in the weakness, lowering demand recovery prospects.

Gas



Contract	Price (p/therm)		
	Previous Weeks Close	Last Weeks Close	
Apr-21	43.10	48.39	▲
May-21	41.40	45.91	▲
Jun-21	41.90	46.01	▲
Q2-21	42.13	46.76	▲
Q3-21	41.98	45.36	▲
Sum-21	42.05	46.06	▲
Win-21	52.33	54.28	▲
Sum-22	39.90	40.98	▲
Win-22	48.85	49.70	▲
Sum-23	37.75	38.40	▲
Win-23	48.77	48.87	▲

Summary

The April 21, Summer 21 and Winter 21 NBP contracts increased by 5.29p/therm, 4.01p/therm and 1.95p/therm respectively over the week. There was a prevailing backdrop of bearish fundamentals such as below seasonal normal demand, warmer weather and high wind generation. However, the blockage of the Suez Canal, a vital trade route between Europe and Asia sent ripples through global commodity markets and disrupted supply chains. About 12% of global trade and 8% of LNG pass through the canal, as does around 1 million barrels of oil each day. The blockage forced some vessels to travel a longer route around Africa, delaying four LNG cargoes from Qatar to the UK which were expected during the week. This sudden shock to supply saw risk premiums across the curve, however increases were capped as both LNG and gas storages are now above the 5-year average following a month of frequent imports to the UK. The focus now remains on how fast these inventories replenish over summer. Gazprom estimates that it will take 54% more storage injections this Summer than previous to replenish the gas withdrawn over this Winter. It is expected that there will be a global LNG surplus of up to 12bcm year-on-year largely driven by additional U.S supply and minimum risk of cancellations. This comes at an opportune time for North-West Europe and UK with depleted storages to soak up this additional supply. The May 21 Brent contract traded close to flat, increasing by just \$0.04/bbl on the week, settling at \$64.57/bbl. There was notable volatility throughout the week starting with a string of renewed lockdown measures in Europe clouding the prospects for a speedy recovery in consumption, along with strength in the U.S dollar and the EIA announcing a 1.91MB build in crude stocks with a drop in refined products demand by 1.2%. The biggest support for prices came from the blockage at Suez Canal as more than 30 oil tankers were waiting at either side of the canal to pass through since Tuesday. Given the persistent demand worries and lower prices, expectations are growing that OPEC+ will roll over their current supply curbs into May at a meeting scheduled for 1st April.