TRIDENT

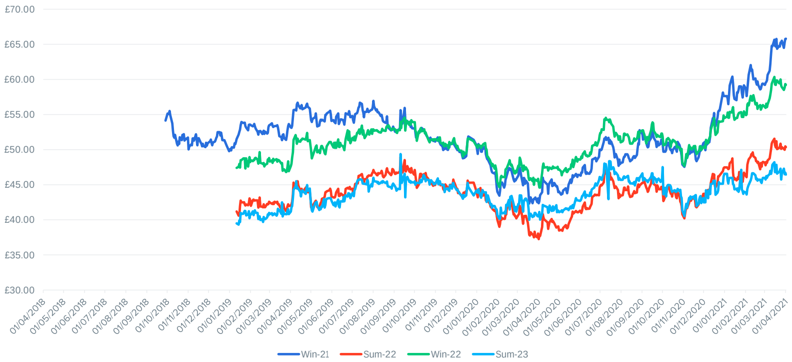
360° ENERGY EXPERTISE

Weekly Energy Report

05 April 2021

Power

Power Baseload (£/MWh)



Price (£/MWh)

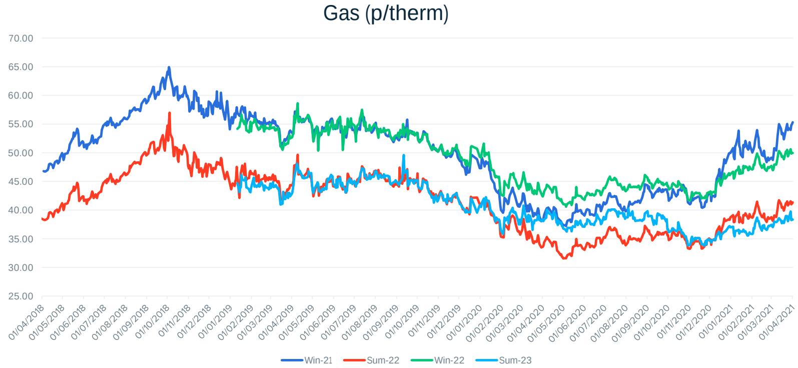
Contract		Previous Weeks Close		Last Weeks Close	
May-21	£	55.40	£	56.52	▲
Jun-21	£	56.26	£	57.53	▲
Jul-21	£	55.34	£	56.78	▲
Q3-21	£	55.86	£	56.83	▲
Q4-21	£	63.81	£	64.16	▲
Win-21	£	65.52	£	65.80	▲
Sum-22	£	50.37	£	50.37	▬
Win-22	£	58.91	£	59.23	▲
Sum-23	£	46.59	£	46.46	▼
Win-23	£	55.72	£	55.92	▲
Sum-24	£	46.72	£	47.75	▲

Summary

The May 21 and Winter 21 baseload contracts increased by £1.12/MWh, £0.28/MWh while the Summer 22 contract closed flat over the week. The market tracked movements in the NBP starting the week with losses on expectations of high wind generation which helped drop the prompt clean spark spreads and demand for gas-fired generation. However, there was strong buying activity for the remainder of the week following gains in the carbon market and cooler weather revisions. The operators of the 1MW BritNed interconnector announced the cancellation of planned maintenance for May which helped keep a lid on prices. European power prices are forecast to remain at current elevated levels until 2023 on capacity closures, slight demand gains and rising carbon prices. From 2024, prices are forecast to fall as renewable capacity gains, to offset nuclear and coal closures with gas prices also seen easing. The December 21 EUA gained by €0.88/tonne over the week, settling at €42.47/tonne. The 50-day moving average has shown support with global economic optimism and cooler temperature forecasts despite the European Covid restrictions weighing on sentiment. Recent auctions have been weaker however the number of participants has increased which is supportive. In the near term, the UK's exit from the EU (and the emissions trading system) has removed a large, low-carbon power fleet from the market. That means that the average carbon intensity of the remaining EU power generators is higher. At the same time, the number of tradable allowances in the market is being steadily withdrawn into the MSR, reducing supply and putting upward pressure on prices.

Gas

Gas (p/therm)



Price (p/therm)

Contract	Previous Weeks Close	Last Weeks Close	
May-21	45.91	47.21	▲
Jun-21	46.01	47.16	▲
Jul-21	44.84	45.93	▲
Q3-21	45.36	46.47	▲
Q4-21	53.14	53.68	▲
Win-21	54.28	55.31	▲
Sum-22	40.98	41.35	▲
Win-22	49.70	49.95	▲
Sum-23	38.40	38.35	▼
Win-23	48.87	47.27	▼
Sum-24	39.00	38.57	▼

Summary

The May 21, Winter 21, and Summer 22 NBP contracts increased by 1.30p/therm, 1.03p/therm and 0.37p/therm respectively over the week. The market started the week on a bearish note following below seasonal normal demand, warm temperatures and positive news that the container ship blocking the Suez Canal had been partially freed, alleviating fear of reduced LNG supply. However, the market took back these early losses as latest forecasts were showing temperatures below average through to the middle of April in the UK, extending through Western and Central Europe. This was combined with the start of injection season and upcoming maintenance at key facilities in the UK and Norway. Sustained sendout from LNG storage facilities and shipment delays had seen inventories fall sharply over recent days although 11 LNG shipments are now expected over the next fortnight. The mild end to March had also given UK mid-range storage facilities a chance to replenish to 49% capacity ahead of colder conditions, however strong LNG imports will need to continue to fill these storages for Winter. The June 21 Brent contract lost $2.28/bbl over the week, settling at $62.15/bbl. The market remained rangebound starting with resistance coming from the clearance of the Suez Canal as traffic resumed through the key shipping route. Support in the mid-week came from EIA as U.S crude inventories dropped by 0.87MB. Attention then turned to OPEC+ that were set to meet on 1st April to discuss production levels. OPEC+ bucked market expectations and agreed to easing production cuts with a gradual increase of 350,000bpd in May and June and a further 400,000bpd in July. The additional 1mbpd cut from Saudi Arabia is also expected to be eased over the next three months. Currently, the downward price action remains capped following weakness in the U.S dollar.