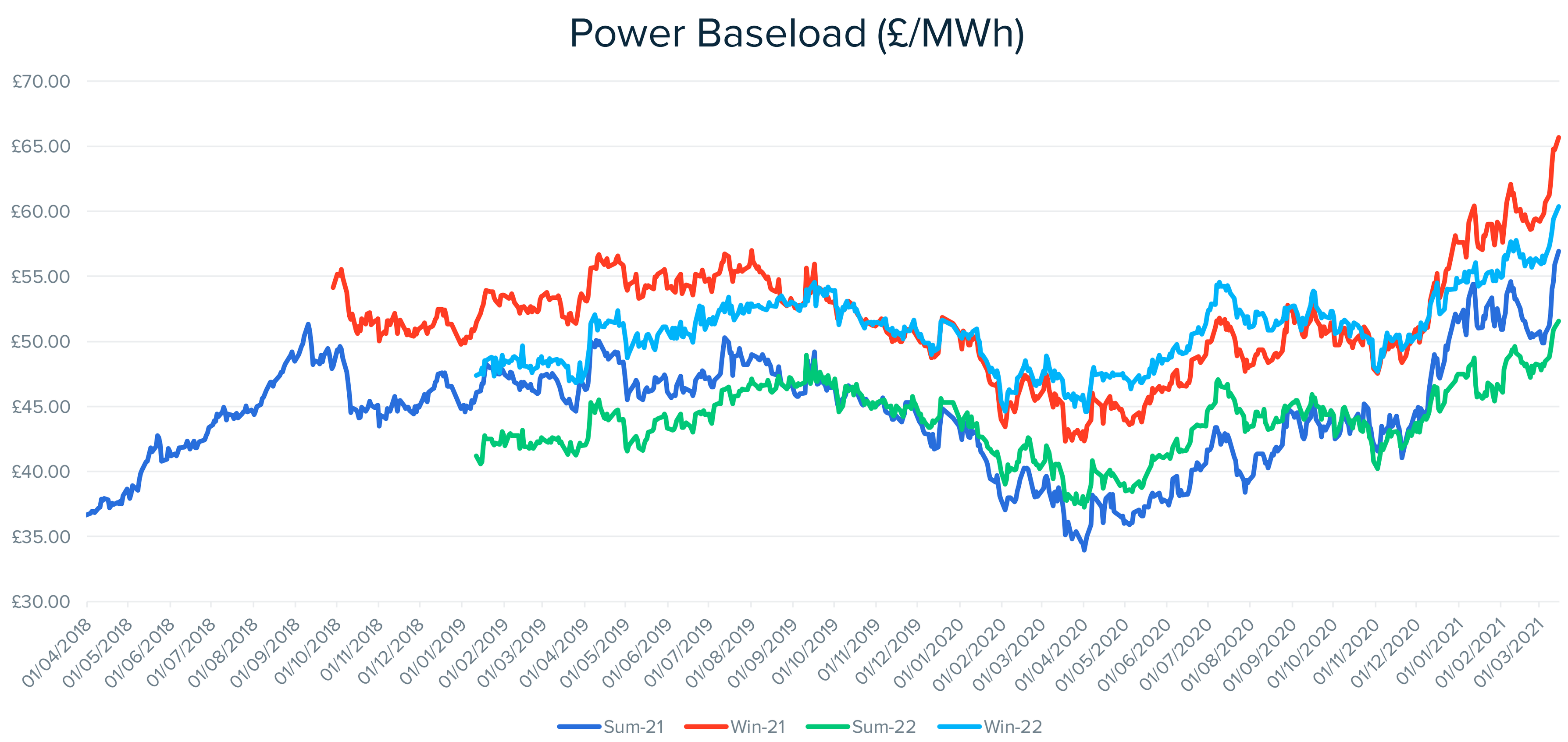
TRIDENT

360° ENERGY EXPERTISE

Weekly Energy Report

15 March 2021

Power

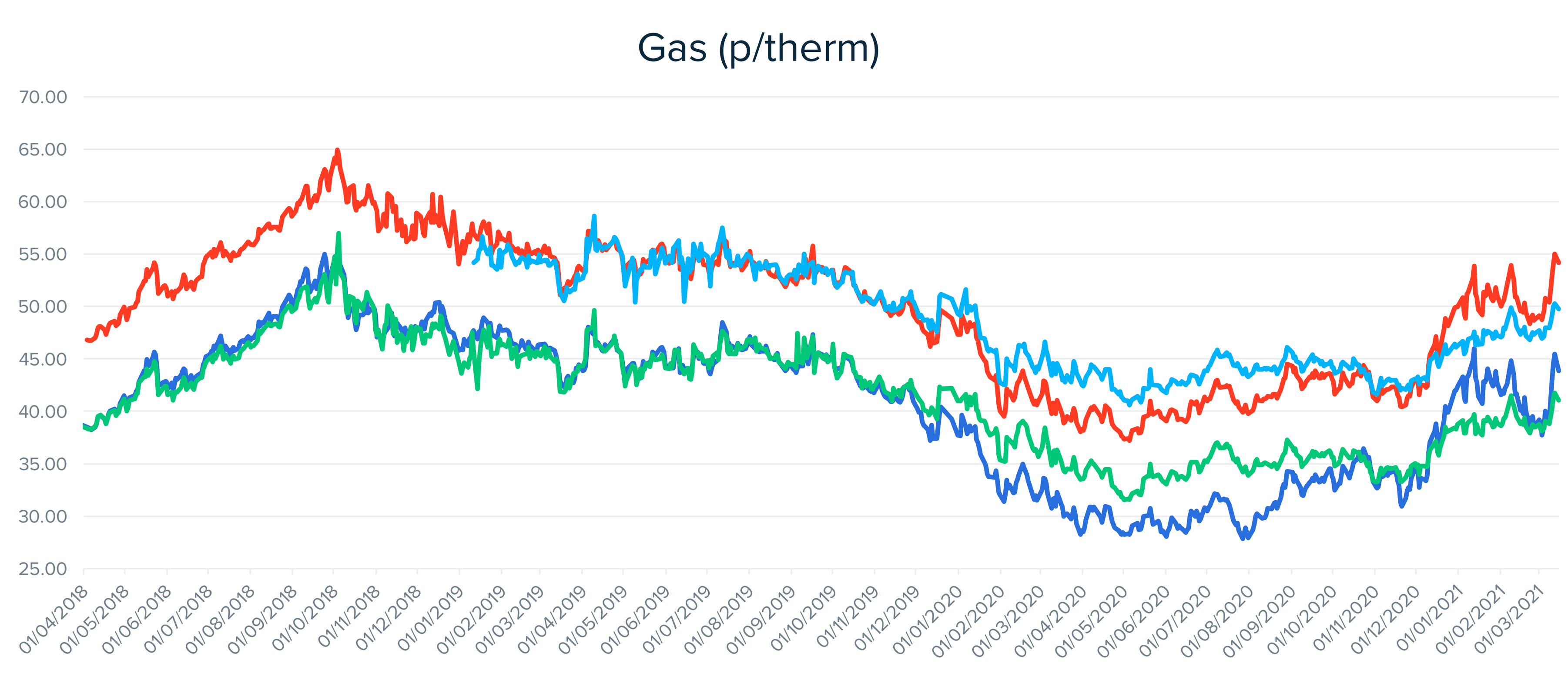


Contract	Price (£/MWh) Previous Weeks Close		Last Weeks Close		
Apr-21	£	51.61	£	57.37	▲
May-21	£	49.73	£	54.85	▲
Jun-21	£	49.77	£	56.01	▲
Q2-21	£	50.36	£	56.06	▲
Q3-21	£	50.85	£	55.76	▲
Sum-21	£	50.61	£	55.91	▲
Win-21	£	60.65	£	64.70	▲
Sum-22	£	48.46	£	51.09	▲
Win-22	£	56.45	£	59.61	▲
Sum-23	£	46.23	£	47.84	▲
Win-23	£	55.06	£	56.57	▲

Summary

The April 21, Summer 21 and Winter 21 baseload contracts increased by £5.76/MWh, £5.30/MWh and £4.05/MWh respectively from the previous weeks close. The power curve followed the wider energy complex despite sufficient supply. Over the week, renewable output contributed 52% of the generation mix, with the majority coming from wind-generated power. This led to lower demand for gas-fired output that averaged 29% across the week. Despite bearish fundamentals, the curve jumped in line with a bullish gas and carbon market. Further added risk was seen in the mid-week as the BritNed interconnector turned offline due to a cable fault, reducing import capacity by a 1GW and expected to return on 22nd April. There will be an improvement in nuclear availability this month and in May as some plants are expected to be back online however risks remain as these plants have repeatedly delayed a return to the grid. The December 21 EUA increased by €3.65/tonne over the week, settling at €42.85/tonne with the contract breaking through several new highs. The move was attributed by the rising interest from compliance buyers and industrial investors as volume grew almost every trading session. Bullishness in global equity markets as well the risk of colder weather and higher energy demand for Europe later in the month also added support. Furthermore, the EU Parliament backed a proposed Carbon Border Adjustment Mechanism on 10th March. If passed into law, it would place a charge on the carbon content of goods imported into Europe from 2023. The European Commission must now bring a finalised version of the proposals forward in June.

Gas



Contract	Price (p/therm) Previous Weeks Close	Last Weeks Close	
Apr-21	41.25	47.50	▲
May-21	39.22	44.89	▲
Jun-21	39.50	45.12	▲
Q2-21	39.98	45.83	▲
Q3-21	40.12	45.10	▲
Sum-21	40.05	45.46	▲
Win-21	50.79	54.99	▲
Sum-22	39.05	41.73	▲
Win-22	47.94	50.30	▲
Sum-23	38.00	38.60	▲
Win-23	48.61	49.12	▲

Summary

The April 21, Summer 21 and Winter 21NBP contracts increased by 6.25p/therm, 5.41p/therm and 4.20p/therm respectively from the previous weeks close. The week started in the red with several LNG vessels to reach UK alleviating supply fears with temperatures around seasonal normal. Prices surged during the remainder of the week despite LNG arriving in abundance, as cargoes were delayed in docking due to high winds which subdued sendout momentarily. Underlying strength in the carbon market, Norwegian outages and gas inventories falling to an 8-year low to just 15% full were major supportive factors. If stocks don't replenish through summer it would tighten the outlook for winter, where we are seeing added risk premiums. Temperatures have also been revised cooler to the end of March which may push back injection season and increasing reliance on LNG to refill inventories. Six more shipments are due to the UK this week which should significantly boost current storage levels. The May 21 Brent contract decreased by $0.78/bbl over week settling at $69.22/bbl. At the beginning of the week prices climbed above $70/bbl for the first time since the COVID-19 pandemic began following OPEC+ deciding to keep about 8% of global supply off the market for another month. Prices fell to the mid-week as the U.S. government expects domestic crude production to rise as drillers take advantage of oil's price recovery. This was countered by depreciation of the U.S dollar and the $1.9 trillion U.S. stimulus package that was made into law on 11th March, raising the prospect of oil demand. Prices then remained rangebound with a slight downward bias as OPEC's monthly market report stated a lower oil demand forecast for the first half of this year although raising demand forecasts for the second half of the year, therefore expecting oil demand growth of 5.9mbpd this year. An EIA outlook report also stated crude prices should decline next year, with global supply surpassing demand during the second half of 2021.

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