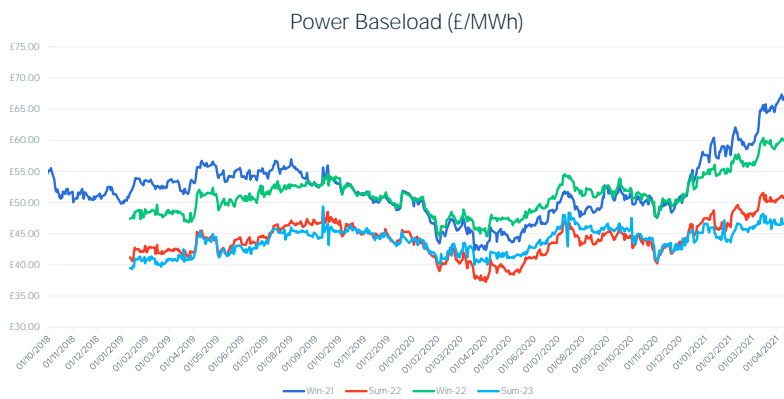


# Weekly Energy Report

## 19 April 2021

### Power

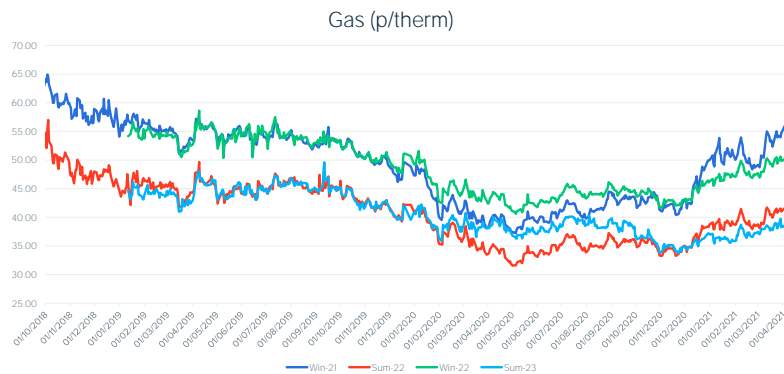


Contract	Price (£/MWh)		
	Previous Weeks Close	Last Weeks Close	
May-21	£ 57.27	£ 61.01	▲
Jun-21	£ 57.68	£ 62.17	▲
Jul-21	£ 57.85	£ 61.22	▲
Q3-21	£ 58.01	£ 61.43	▲
Q4-21	£ 64.88	£ 68.11	▲
Win-21	£ 66.47	£ 69.87	▲
Sum-22	£ 50.72	£ 52.66	▲
Win-22	£ 59.93	£ 61.67	▲
Sum-23	£ 46.61	£ 47.60	▲
Win-23	£ 56.67	£ 58.78	▲
Sum-24	£ 47.15	£ 47.94	▲

### Summary

The May 21, Winter 21, and Summer 22 baseload contracts increased by £3.74/MWh, £3.40/MWh and £1.94/MWh respectively over the week. System tightness led to the highest gains at the prompt with an intraday price reaching £1.971/MWh. Colder temperatures and low wind generation led to high demand for gas-fired output averaging 45% of the generation mix. Support also came from 2GW capacity reductions as the French and Dutch interconnectors remained offline however the BridNed interconnector is now expected to return on 22nd April. Contracts further down tracked movements in the gas market following tight supply fundamentals and gains in the carbon market which traded at another all-time high as we approach the EUA compliance deadline on 30th April. The December 21 EUA gained €0.87/tonne on the week, settling at €44.42/tonne. Prices fluctuated at the narrowest last week which stem the wider energy complex, bullish moves in equities, an increase in net long futures positions and the number of market participants surged to a new record. In a month's time, the UK will hold its first auction of Allowances. Concerns have been raised that a standalone UK ETS would suffer from low liquidity therefore a link between UK and EU is preferred ahead of the Cop 26 summit in November. Advantages of linking the two systems include liquidity, price discovery, and the ability to attract abatement from across Europe rather than just the UK. It would also create a level playing field in terms of carbon pricing, avoiding competitive distortions and leading to aligned cost implications for industry across the UK and the European Economic Area.

### Gas



Contract	Price (p/therm)		
	Previous Weeks Close	Last Weeks Close	
May-21	46.86	51.15	▲
Jun-21	46.95	51.63	▲
Jul-21	45.92	50.23	▲
Q3-21	46.43	50.55	▲
Q4-21	53.76	57.39	▲
Win-21	55.34	58.96	▲
Sum-22	41.09	42.95	▲
Win-22	49.95	51.65	▲
Sum-23	38.56	40.10	▲
Win-23	47.52	49.35	▲
Sum-24	38.49	41.02	▲

### Summary

The May 21, Winter 21, and Summer 22 NBP contracts increased by 4.29p/therm, 3.62p/therm and 1.86p/therm respectively over the week. On the supply-side Norwegian flows dipped below the 10-day average with significant capacity reductions at key fields due to outages that is expected to increase further from mid-May before reducing significantly by the end of June. Demand remained above seasonal normal throughout the week following low wind output and weather forecasts suggesting below seasonal normal temperatures into May adding to the bullish picture as this could postpone injections for longer. The impact of high demand and reduced supply increased the reliance on gas storages which have fallen to just 14% capacity and a similar picture remains in Europe where gas storages also remain below the 5-year average. Buyers will likely look to Russia, Norway, and LNG to provide the necessary supply to replenish storage sites in time for Winter. LNG could be drawn to Europe on the current strong price signals, though higher demand from Asia could lead to a competitive LNG market in the coming months. The IEA expect global gas demand to increase by 3.2% in 2021, with European gas demand also expected to increase by 3% this year. The June 21 Brent contract increased by \$3.74/bbl over the week, settling at \$66.77/bbl. Last week's rise came on the back of improving economic conditions, weakness in the U.S dollar and a 5.88MBB fall in U.S crude inventories. In addition, OPEC and the IEA raised its demand forecast for 2021 as Chinese imports increased by 21% in March from a year earlier.