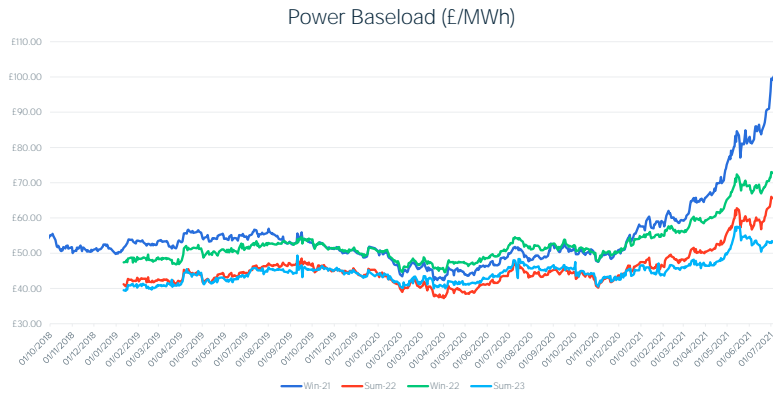


# Weekly Energy Report

## 19 July 2021

### Power

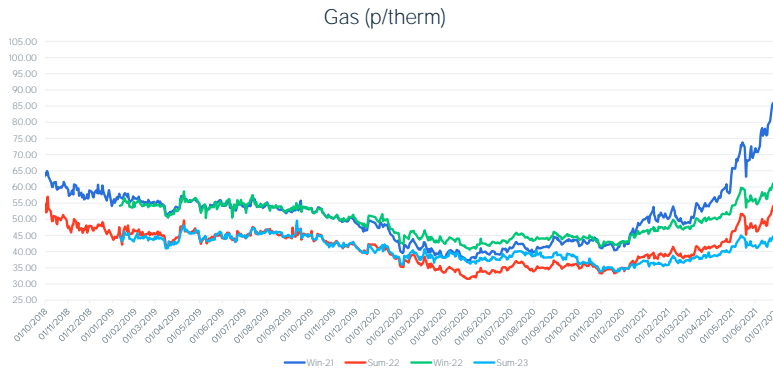


Contract	Price (£/MWh)		
	Previous Weeks Close	Last Weeks Close	
Aug-21	£ 89.50	£ 87.77	▼
Sep-21	£ 91.11	£ 89.14	▼
Oct-21	£ 93.15	£ 90.30	▼
Q4-21	£ 96.76	£ 93.86	▼
Q1-22	£ 96.29	£ 92.78	▼
Win-21	£ 96.53	£ 93.33	▼
Sum-22	£ 64.28	£ 62.71	▼
Win-22	£ 72.25	£ 70.14	▼
Sum-23	£ 52.48	£ 51.01	▼
Win-23	£ 63.74	£ 62.78	▼
Sum-24	£ 52.37	£ 51.73	▼

### Summary

The August '21, and Winter '21 contracts lost £1.73 / MWh and £3.20 / MWh respectively, with Summer '22 also dropping by £1.57 / MWh. It was a volatile week, with prices ending lower despite many tussles between bears and bulls. Lower gas prices helped the bears win out, although dips in prices throughout the week were quickly seized up on by the bulls. Generation from CCGT was strong in the early part of the week, whereas renewables increased in the latter part, meaning that generation vs demand was healthy throughout. However, high spark spreads helped to keep curve prices buoyant, with losses in the Summer '22 and Winter '22 contracts limited to £1.57 / MWh and £2.11 / MWh respectively. The EU formally announced its "Fit for 55" package of measures, but these had been effectively trailed by an earlier leak of the proposals, so the formal announcement merely confirmed what the market already knew – consequently carbon prices only saw a small uplift on announcement day, and the Dec '21 EUA contract dipped by €1.37 / tonne over the week. The Dec '21 UK also fell by £1.75 / tonne, slightly narrowing the gap between the two instruments.

### Gas



Contract	Price (p/therm)		
	Previous Weeks Close	Last Weeks Close	
Aug-21	90.02	85.48	▼
Sep-21	91.40	86.75	▼
Oct-21	93.05	87.96	▼
Q4-21	96.57	91.30	▼
Q1-22	96.37	90.97	▼
Win-21	96.47	91.14	▼
Sum-22	58.02	55.35	▼
Win-22	63.63	61.29	▼
Sum-23	44.76	44.22	▼
Win-23	53.50	52.31	▼
Sum-24	43.52	43.09	▼

### Summary

Contracts priced lower over the week, following a high volatility. The biggest falls were seen in the front periods, with August '21 losing 4.54 / therm, Sept '21 losing 4.65 / therm, and October '21 losing 5.09 / therm. Losses were more modest further out, with Summer '23 recording a fall of just 0.54p / therm. Much of the bearish activity over the front nine months was driven by news that Nord Stream 2 construction will be complete before September, although this is no guarantee that flows will commence before the end of the year. Oil prices began the week stable, but news that OPEC+ producers would increase supplies created concern as recovering demand is finely balanced. The Sep '21 Brent contract softened by \$1.96 / barrel.