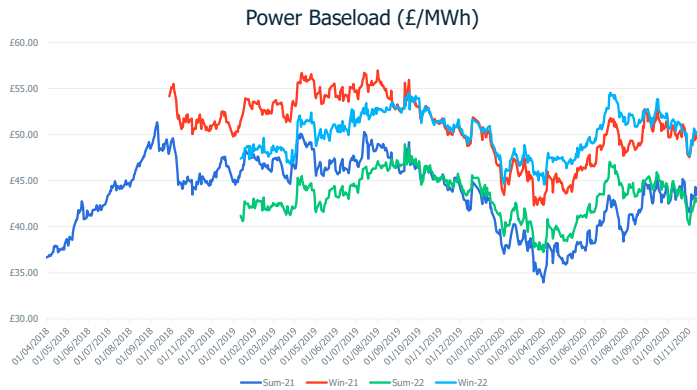


# Weekly Energy Report

23 November 2020

## Power

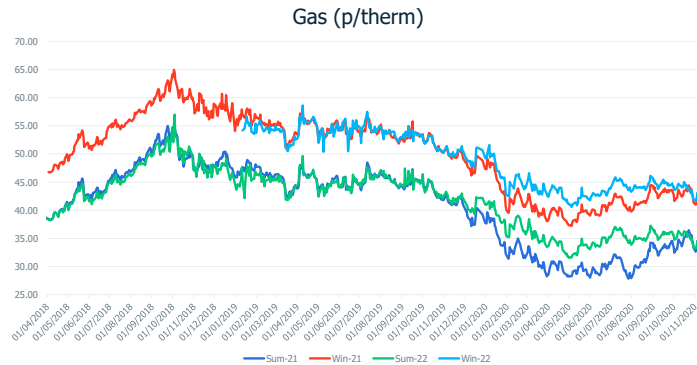


Contract	Price (£/MWh)		
	Previous Weeks Close	Last Weeks Close	
Dec-20	£ 46.54	£ 42.68	▼
Jan-21	£ 51.01	£ 47.28	▼
Feb-21	£ 50.88	£ 47.54	▼
Q1-21	£ 49.48	£ 46.01	▼
Q2-21	£ 43.86	£ 41.44	▼
Sum-21	£ 43.48	£ 41.07	▼
Win-21	£ 49.61	£ 48.36	▼
Sum-22	£ 43.02	£ 41.78	▼
Win-22	£ 50.01	£ 49.35	▼
Sum-23	£ 43.23	£ 41.97	▼
Win-23	£ 52.89	£ 52.22	▼

## Summary

Early indications pointed toward a bullish start to the week for UK power prices with carbon and oil prices rising. There was also some reported risk to colder weather on the continent which lifted prices on the far curve early in the week. We also saw Thursday being warned as a Triad risk with demand looking to peak. This increase to demand was caused by falling temperatures and slightly less wind generation. Despite this we did see the remainder of the week with comfortable fundamentals and prices largely took direction from this. We also saw revised European forecasts later in the week which helped to remove premiums from prices. Most products tracked their NBP counterparts with front month December 20 prices falling £3.86/MWh across the week, whilst Summer 21 and Winter 21 fell £2.41/MWh and £1.25/MWh respectively. Demand uncertainty amid a nationwide lockdown may have also added an element of bearish pressure to near term products.

## Gas



Contract	Price (p/therm)		
	Previous Weeks Close	Last Weeks Close	
Dec-20	40.27	36.21	▼
Jan-21	41.80	37.42	▼
Feb-21	42.20	37.73	▼
Q1-21	41.14	36.84	▼
Q2-21	34.97	31.56	▼
Sum-21	34.22	30.93	▼
Win-21	42.32	40.40	▼
Sum-22	34.52	33.30	▼
Win-22	42.95	42.20	▼
Sum-23	35.14	34.08	▼
Win-23	45.47	44.18	▼

## Summary

The December 20 NBP contract started the week strong, rallying on Monday morning. However over the course of the week we saw consistent losses each day, with demand reaching as low as 70-90 mcm below seasonal norms for the back end of the week. The drop in demand was caused by temperatures remaining above seasonal norms as well as a high wind outturn which suppressed gas demand for heat generation. We also saw high LNG flows, with 15 LNG cargoes now expected for delivery throughout November. This resulted in near term contracts being reduced significantly, which had a knock on effect for front seasons also. Despite these losses we did see some bullish fundamentals across some other underlying commodities, with oil and carbon prices both increasing week on week. The carbon price increases were caused by reported changes to the EU ETS Cap, whilst the oil gains are still being supported by optimism in the markets with further reports relating to a Covid vaccine. OPEC are also now expected to delay any increases in production over the coming months which supported oil prices.