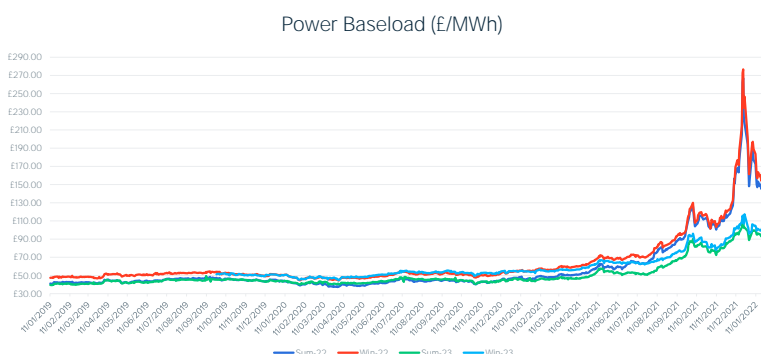


Weekly Energy Report

24 January 2022

Power

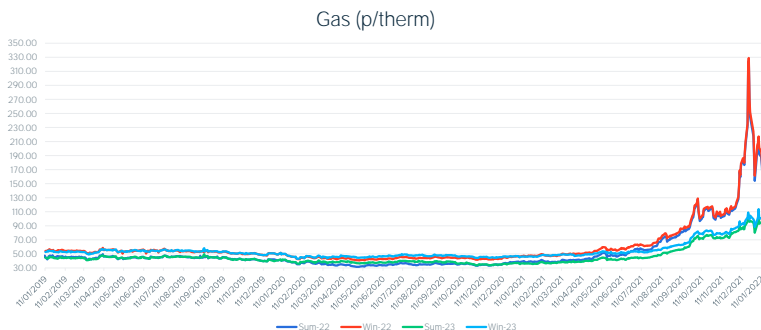


Contract	Price (£/MWh)		
	Previous Weeks Close	Last Weeks Close	
Feb-22	£ 218.16	£ 197.45	▼
Mar-22	£ 195.24	£ 183.92	▼
Apr-22	£ 164.70	£ 167.69	▲
Q2-22	£ 158.84	£ 162.60	▲
Q3-22	£ 147.56	£ 158.59	▲
Sum-22	£ 153.17	£ 160.58	▲
Win-22	£ 163.61	£ 169.89	▲
Sum-23	£ 96.25	£ 96.71	▲
Win-23	£ 101.24	£ 103.16	▲
Sum-24	£ 73.22	£ 75.90	▲

Summary

The February 22 contract posted a loss of £20.71/MWh whilst the Summer 22 and Winter 22 contracts increased by £7.41/MWh and £6.28/MWh respectively over the week. Contract prices trended in line with the gas market with the front month being pressured by high number of LNG imports and escalating tensions in eastern Europe which added uncertainty for gas supplies and throwing the Nord Stream 2 certification in doubt. The December 22 EUA increased by €2.39/tonne over the week, settling at €84.47/tonne and the December 22 UKA gained by £5.05/tonne, settling at £78.00/tonne. The European auction signalled stronger buying interest after a 1.87 bid to cover ratio. Additional support came after the UK ETS Authority concluded to not add any additional UK Allowances to the British market after the market's cost containment mechanism (CCM) was triggered for a second successive month at the end of December.

Gas



Contract	Price (p/therm)		
	Previous Weeks Close	Last Weeks Close	
Feb-22	208.13	189.31	▼
Mar-22	206.71	188.36	▼
Apr-22	168.13	169.44	▲
Q2-22	164.04	167.1	▲
Q3-22	161.84	166.2	▲
Sum-22	162.94	166.65	▲
Win-22	170.83	174.16	▲
Sum-23	92.66	91	▼
Win-23	98.01	99.15	▲
Sum-24	69.02	67.82	▼

Summary

The February 22 contract posted a loss of 18.82p/therm whilst the Summer 22 and Winter 22 contracts increased by 3.71p/therm and 3.33p/therm respectively over the week. The market saw high volatility last week as milder weather forecasts and strong LNG arrivals countered concerns over European gas storage levels which have dropped to 42% capacity and rising Russia-Ukraine tensions which supported prices towards the end of the week. High number of LNG cargoes pressured the front month contract with 28 cargoes having delivered to the UK this month and another 10 cargoes expected by 11th February. The U.S held talks with Qatar and other large gas exporters to plan contingency measures in case a Russian invasion of Ukraine disrupts supplies to Europe which keeps risk premium in the market. The March 22 Brent contract gained by \$1.83/bbl over the week, settling at \$87.89/bbl. The market was supported by a tighter supply and demand picture along with IEA raising their global demand forecast by 200,000bpd from previous estimates resulting in growth of 3.3mbpd in 2022. A fire on a pipeline from Iraq to Turkey briefly stopped flows. Increasing concerns about an already tight supply outlook as Russia and OPEC are having difficulty hitting their monthly output increase target of 400,000bpd. Further upside in prices was capped by an unexpected rise in U.S crude inventories of 0.51MB with gasoline inventories at an 11-month high according to the latest EIA data. Libyan output also rose back to 1.2mbpd after a blockade at a western oilfield had curtailed supply.