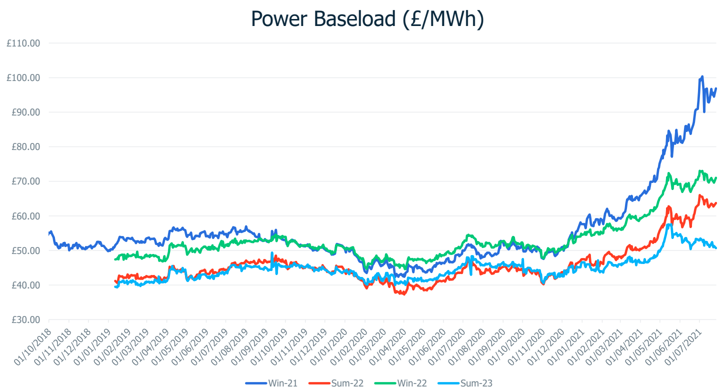
TRIDENT
360° ENERGY EXPERTISE

Weekly Energy Report
27 July 2021

Power

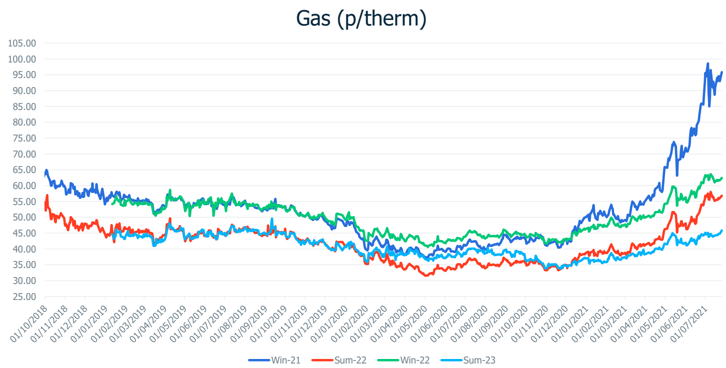


Price (£/MWh)

Contract		Previous Weeks Close		Last Weeks Close	
Aug-21	£	87.77	£	88.46	▲
Sep-21	£	89.14	£	90.07	▲
Oct-21	£	90.30	£	91.30	▲
Q4-21	£	93.86	£	95.20	▲
Q1-22	£	92.78	£	93.77	▲
Win-21	£	93.33	£	94.49	▲
Sum-22	£	62.71	£	62.94	▲
Win-22	£	70.14	£	69.62	▼
Sum-23	£	51.01	£	51.29	▲
Win-23	£	62.78	£	62.86	▲
Sum-24	£	51.73	£	51.94	▲

Summary
The August 21, Winter 21 and Summer 22 baseload contracts increased by £0.69/MWh, £1.16/MWh and £0.23/MWh respectively over the week. Bullish fundamentals in the gas market fed into power prices although increases were less pronounced on the far curve as the carbon market traded weaker. The near curve was supported by subdued wind generation taking total renewables to average 30% of the generation mix which led to higher reliance on gas-fired output averaging 42% over the week. Contracts further out saw pressure from lower liquidity and narrowing spark spreads. Windier conditions are expected over this week with temperatures to drop from Wednesday to 1-2°C below seasonal normal which may ease gas for power demand and help offset the loss of some ongoing nuclear outages, although there is some risk of hot weather returning in mid-August that could keep the front month supported. The December 21 EUA decreased by €2.00/tonne over the week, settling at €50.89/tonne. Weaker auction liquidity and spread of the Delta variant placed downward pressure on the carbon market eventually testing the €50/tonne mark on Friday. The release of the 'Fit for 55' climate change package continues to provide support with the major headline from this being the 4.2% annual reduction in the emissions cap to occur to 2030. All the reforms proposed by the Commission will have to be negotiated among member states and by the European Parliament, a process that could take roughly two years. All agreements must be struck before Parliamentary elections in 2024. Ultimately, the market should be considerably tighter come 2025 to help achieve emission reduction targets. The December 21 UKA also followed a similar trend losing £1.20/tonne over week settling at £42.40/tonne. There will be another UK carbon auction this Wednesday where over 6 million UKA's will be auctioned.

Gas



Price (p/therm)

Contract	Previous Weeks Close	Last Weeks Close	
Aug-21	85.48	88.44	▲
Sep-21	86.75	89.98	▲
Oct-21	87.96	90.91	▲
Q4-21	91.30	93.78	▲
Q1-22	90.97	92.14	▲
Win-21	91.14	92.96	▲
Sum-22	55.35	56.08	▲
Win-22	61.29	61.69	▲
Sum-23	44.22	44.81	▲
Win-23	52.31	53.42	▲
Sum-24	43.09	44.30	▲

Summary
The August 21, Winter 21 and Summer 22 NBP contracts increased by 2.96p/therm, 1.82p/therm and 0.73p/therm respectively over the week. Supply fundamentals remained bullish due to some unplanned outages that have kept Norwegian flows below the 10-day average over the past week. This slowed down the rate of injections into gas storages which are back down to just 25% capacity. The JKM climbed above $14/MMBtu due to the heatwave which in turn limits the UK and Europe's ability to compete against Asian importers for LNG cargoes. Latest ship tracking data shows just one vessel currently inbound for the UK this week, taking the total to just two shipments this month. Attention remained on the Winter 21 contract as the U.S. & Germany set a path to finalising an agreement on the completion of the Nord Stream 2 pipeline, however the potential for more supply did little to reverse the bullish trend. The September 21 Brent contract increased by $4.97/bbl over the week, settling at $74.10/bbl. High volatility was seen with an initial sell-off during the first half of the week following OPEC's decision to increasing production by 400,000bpd from August and concerns over the spread of COVID-19 variants. EIA crude inventory data posted a 2.10MB build in U.S crude stocks however drawdowns were seen in both gasoline and distillates. The second half of the saw a sharp recovery as refined products demand continues to improve in the U.S and Europe with OPEC stating demand next year would rise by 3.4% to 99.86mbpd and would average more than 100mbpd in the second half of 2022 which paves the way for further easing of supply curbs.