

Gas

p/therm	26 Jun 20	3 Jul 20	Change
Day-Ahead	13.60	13.50	-0.7%
Aug 2020	14.30	15.11	5.7%
Winter 2020/21	32.38	33.64	3.9%
Summer 2021	29.70	31.01	4.4%

The UK's **Day-Ahead gas** price fell 0.7% to 13.50p/therm last week despite colder weather and increased power demand as the UK gas system was oversupplied earlier in the week.

An expected rise in renewable generation and over the weekend reduced gas-fired power demand, but planned maintenance on the Nordstream gas pipeline and low LNG send-out provided support to prices.

Day-Ahead power fell 2.0% to £27.29/MWh as wind levels rose towards the end of the week and as expected carried on over the weekend.

EDF revised their annual nuclear output estimates for 2020 which had a bearish impact on the Q4-2020 power contract price.

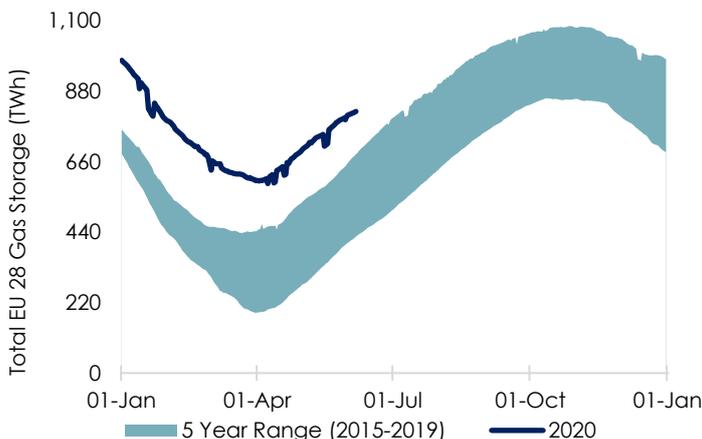
Winter 2020/21 gas rose by 3.9% to 33.64/therm supported by a rebound from overall European energy markets and a rise in global commodities and equities.

LNG prices also increased as a major shale gas producer in the US filed for bankruptcy.

Despite gains overall this week for Brent crude oil, the US set a new daily global record of 55,000 new Covid-19 cases on Thursday raising concern that fuel demand growth could stall again in the coming months.

Our recommendation remains to lock in contracts as soon as possible as prices gradually rise following the easing of lockdown restrictions.

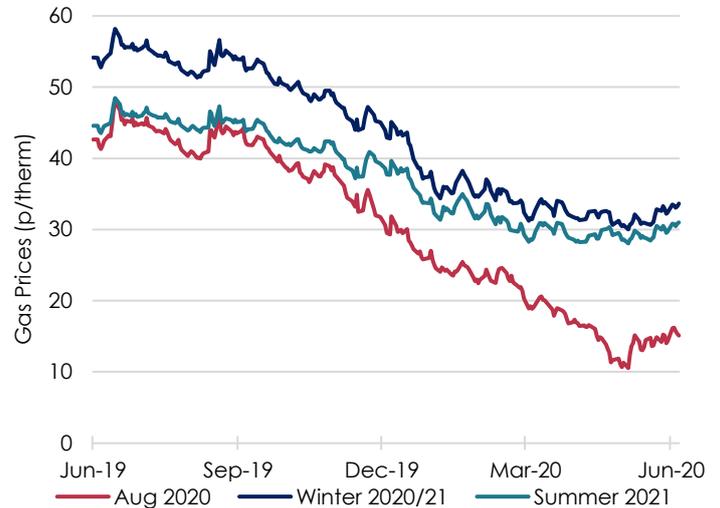
European Gas Storage



Power

£/MWh	26 Jun 20	3 Jul 20	Change
Day-Ahead	27.86	27.29	-2.0%
Aug 2020	31.48	32.25	2.4%
Winter 2020/21	44.67	46.09	3.2%
Summer 2021	39.51	41.23	4.4%

UK Gas



UK Power



Global LNG (Japan v UK v USA)



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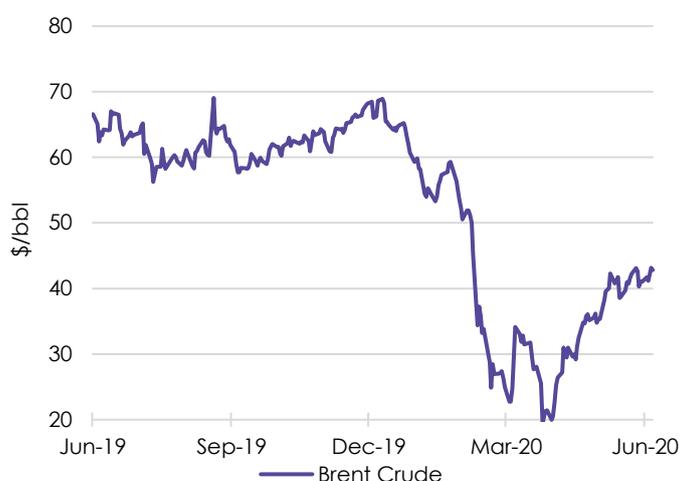
Oil

\$/bbl	26 Jun 20	3 Jul 20	Change
Brent Crude Sep 20	41.02	42.80	4.3%

Source: Reuters

Brent Crude oil rose 4.3% last week to \$42.80/bbl, as non-farm payrolls and unemployment rates in the US were better than expected, providing encouragement for traders.

Meanwhile, Saudi Arabia, the worlds' biggest crude exporter, has increased pricing for August oil shipments as they look to cut supply. Along with Russia, Saudi Arabia has led the OPEC+ drive to drain stockpiles in order to rebalance the market.



Carbon

€/tCO2	26 Jun 20	3 Jul 20	Change
EUA Dec Yr	24.66	27.85	12.9%

Source: Reuters

European carbon continued to rise, jumping 12.9% to €27.85/tCO2 last week, with midweek prices reaching 11-month highs.

Traders were seen to have ignored recent pessimistic fundamental news in the market, with some sources stating the current upward trend is showing no signs in slowing.



Exchange Rates & Economics

£/\$	26 Jun 20	3 Jul 20	Change
GBP/USD	1.2333	1.2483	1.2%

Source: Reuters

The **Pound Sterling** increased by 1.2% to 1.2483 as fears grow around US spread of Covid-19 and the unemployment rate remains high at 11.1%.

This is bolstered by continued major fiscal stimulus from the British government following the 'Super Saturday' lift on lockdown restrictions.

Economists now feel a recovery from Covid-19 may be possible, stimulating short-term investment, in favour of the Pound.



Coal

\$/tonne	26 Jun 20	3 Jul 20	Change
API2 CIF ARA Yr	57.90	57.35	-0.9%

Source: Reuters

European coal prices saw a small fall of 0.9% to \$57.35/tonne.

This drop follows the passing of German legislation to cease all hard coal and lignite-fired power generation by the end of 2038. This price drop is balanced somewhat by continued economic stimulus and demand for energy generation.



Regulatory and Market News

Government unveils £1.57bn support package for arts sector, but no plans to resume live shows

The UK Government has unveiled a £1.57bn support package to help protect the futures of UK theatres, galleries, museums and other cultural venues.

Culture Secretary Oliver Dowden said new grants and loans aim to preserve the "crown jewels" of the UK's art sector, as well as local venues. It follows several weeks of pressure, with industry leaders warning that many venues were on the brink of collapse.

Guidance for a phased return of the performing arts, starting with performances behind closed doors and rehearsals, is expected to be published by the government shortly.

Mr Dowden said institutions applying for the new grants and loans through industry bodies would have to prove how they contribute to wider economic growth.

A string of theatres have announced plans to make staff redundant in recent weeks, after being closed since the Covid-19 pandemic took hold earlier this year.

The rescue package has been warmly welcomed by many arts leaders, some of whom said they thought it to be at the upper end of what had been hoped for.

The chief executives of the National Theatre, Rufus Norris and Lisa Burger, said they "feel very positive that this major investment will reach and sustain the vital talent and infrastructure".

Oliver Dowden, who has been under pressure from the arts and heritage sector to deliver a meaningful funding solution to a crisis brought about by Covid-19, feels vindicated that his behind-closed-doors approach to negotiations with the Treasury has paid off.

However, the government has not specified how the money will be divided between competing art forms or regions, nor how the application process will work. There will be winners and losers.

It also remains to be seen when the rules around social distancing in performing arts venues be relaxed to allow live shows to restart.

The £1.15bn support pot for cultural organisations in England is made up of £880m in grants and £270m of repayable loans. The government said the loans would be "issued on generous terms".

The government said decisions on who will get the funding would be made "alongside expert independent figures from the sector".

[LINK: UK Gov - £1.57bn arts sector package](#)

Germany passes 'coal-exit' law to phase out fossil fuels by 2038

Germany's Bundestag, the lower house of parliament, last week passed a 'coal-exit' law to stop all fossil-fuel generation facilities by 2038 at the latest and abandon nuclear power by 2022.

To support the transitional energy change, the government will support lignite regions, power plant operators and employees with grants of up to €14 billion (£12.6bn) by 2038.

The Federal Government has also pledged to take additional measures of up to €26 billion (£23.4bn) for the people and the areas which are based on the coal generation operations.

It says the gradual reduction of coal-based electricity generation will progress with interim targets in 2022 to 15GW, falling to 8GW by 2030 and zero coal eight years later.

German Economy Minister Peter Altmaier said: "With the coal exit law, we create security for climate protection and sustainability in the country. All of this means we reduce CO2 emissions by a third. And create new jobs for those affected."

[LINK: Reuters - Germany coal exit 2038](#)

Southampton Council installs energy-saving lightbulbs for free to reduce electricity bills

Approximately 100 council homes in Southampton will soon have energy-saving LED lightbulbs fitted for free, as part of the local authority's plan to help tenants save money on their energy and reduce their carbon footprint.

Some 17 council homes have already been installed with 96 lightbulbs and the work for the remaining households will continue soon.

The city council is working with green energy provider CitizEn Energy to move residents become more energy efficient with competitive energy deals.

Councillor Steve Leggett, Cabinet Member for Green City and Place, said: "We set ambitious, challenging goals to help tackle climate change, this includes being a carbon neutral council by 2030.

"We are committed to in excess of 60 activities that we are going to deliver over the next three years to ensure we achieve our vision of being a cleaner, greener, healthier and more sustainable council."

[LINK: Southampton City Council - LED lightbulbs](#)