

## Gas

p/therm	5 Feb 21	12 Feb 21	Change
Day-Ahead	51.25	46.35	-9.6%
Mar 2021	48.17	44.85	-6.9%
Summer 2021	42.59	41.70	-2.1%
Winter 2021/22	52.05	50.90	-2.2%
12M Annual Apr 2021	47.32	46.30	-2.2%

Source: ICE

The **March 2021 Gas** contract fell a further 6.9% last week. This followed a general increase in European temperatures as well as an improved expectation for LNG shipments to Europe.

The **March 2021 Power** contract fell 3.6%, due to warming temperatures and falls in the price of gas.

The **April 2021 12 Month Gas** price saw a fall of 2.2% last week. Despite European gas storage continuing to fall to 46%, down 30% on last year and 4% on 2019, there's optimism for further LNG deliveries.

With 12 shipments of LNG expected into the UK over the next 7 days, short-term drivers of gas prices have eased and subsequently brought down the 12-month prices.

The falling price of coal this week is also likely to have an impact on European demand for gas-fired generation. As coal prices fall the demand for gas, as a substitute, reduces.

The main driver of 12M annual markets is the reduction of near-term prices as temperatures increase as we move out of winter. The impact of improved LNG supply, with a growing volume now being purchased from Russia, is however the most significant driver and is likely to see an increase in storage levels soon.

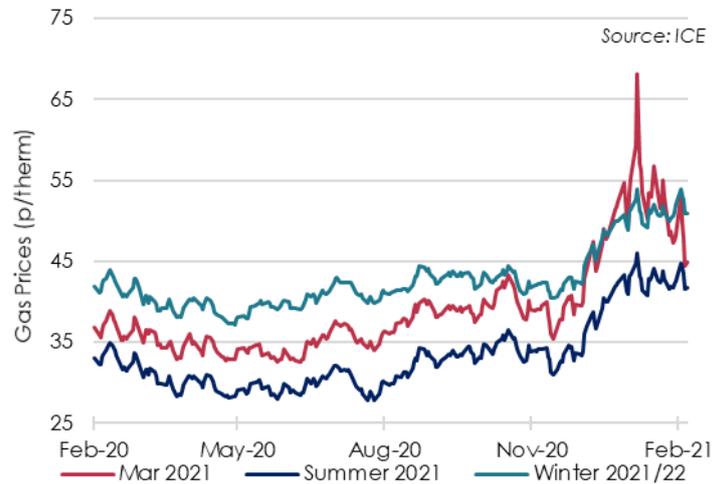
The **April 2021 12 Month Power** saw little movement last week with a small 0.2% price fall. The price remains balanced this week despite warming temperatures and a strengthening Pound. The continued rise of carbon prices is acting as a balance in driving electricity prices up into the longer term.

## Power

£/MWh	5 Feb 21	12 Feb 21	Change
Day-Ahead	57.21	51.72	-9.6%
Mar 2021	58.06	55.95	-3.6%
Summer 2021	52.85	52.67	-0.3%
Winter 2021/22	60.17	60.12	-0.1%
12M Annual Apr 2021	56.51	56.40	-0.2%

Source: ICE

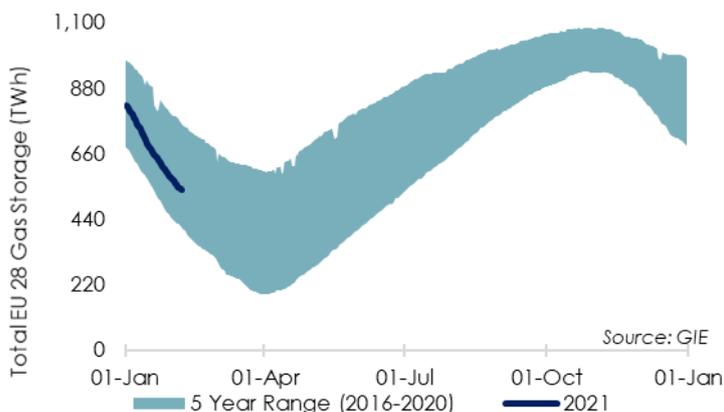
### UK Gas



### UK Power



### European Gas Storage



### Global LNG (Japan v UK v USA)



# Beond Weekly UK Insight

15 February 2021

## Oil

\$/bbl	5 Feb 21	12 Feb 21	Change
Brent Crude Apr 21	59.34	62.43	5.2%

Source: Reuters

**Brent crude oil** rose 5.2% last week to 62.43/bbl to set a new 13-month high due to continued production cuts by OPEC and Russia. Saudi Arabia has made a voluntary cut of 1 million bpd to the end of March.

Brent Crude prices have risen 30% since the start of 2021. The International Energy Agency expects oil demand growth to accelerate as developed economies recover from Coronavirus lockdown measures and step up large-scale vaccination efforts.



## Carbon

€/tCO2	5 Feb 21	12 Feb 21	Change
EUA Dec Yr	38.15	39.97	4.8%

Source: Reuters

**European carbon** continued to rise last week to end the week 4.8% higher at €39.97/tCO2. The EUA contract has now risen 23% since the end of 2020.

Speculative buying continues to drive the market with many industrial companies avoiding making any purchases at current levels with some expecting a correction to lower to around €35/tCO2.



## Exchange Rates & Economics

£/\$	5 Feb 21	12 Feb 21	Change
GBP/USD	1.3733	1.3844	0.8%

Source: Reuters

**Pound Sterling** versus the US dollar continued to make marginal gains last week, with Sterling rising 0.8%, reaching 34-month highs. This comes as investors were in a generally optimistic mood last week, on the continued success of the UK's vaccination programme.

Elsewhere, figures published on Friday by the ONS indicate the UK economy fell by 9.9% in 2020 in response to Coronavirus. The Bank of England has reported the fall could be the worst in over 300 years.



## Coal

\$/tonne	5 Feb 21	12 Feb 21	Change
API2 CIF ARA Yr	66.30	66.10	-0.3%

Source: Reuters

**European coal** prices fell 0.3% last week, mirroring movements in front month power and gas prices.

Lunar New Year holidays are thought to have curbed demand for coal in Asia, while milder weather forecasts in Europe have caused downward pressure on gas and power prices, making them more attractive alternatives.



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