

Gas

p/therm	14 May 21	21 May 21	Change
Day-Ahead	68.85	67.00	-2.7%
Jun 2021	68.71	62.74	-8.7%
Winter 2021/22	73.78	67.97	-7.9%
Summer 2022	51.62	47.03	-8.9%
12M Annual Oct 2021	62.70	57.50	-8.3%

Source: ICE

The **June 2021 Gas** price fell by 8.7% to 62.74p/therm last week as temperature forecasts improved across Europe. The improvements in temperature were matched by a steady increase in EU gas storage.

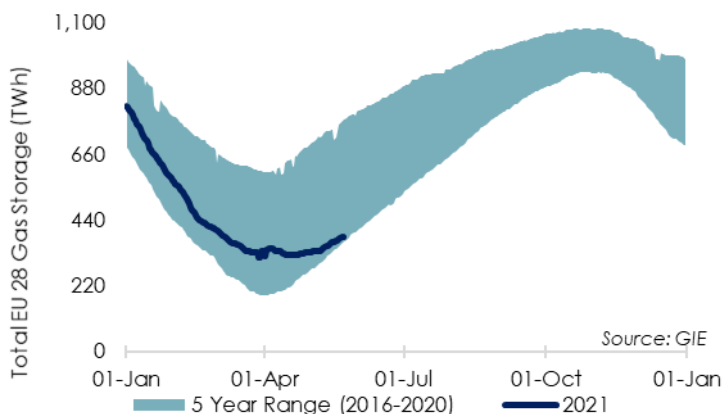
Norwegian gas production also saw an unexpected increase with production from the Oseberg field hitting a record high. With widespread maintenance across a number of Norwegian gas fields and pipelines, this is a welcome boost to European gas supply. This increase to European gas supply has helped drive the price of UK LNG lower.

The **June 2021 Power** price saw a smaller fall of 3.6% to £75.06/MWh, tracking drops in the EU carbon market. Prices continue to remain very high, as EU gas storage remains in a fragile position and carbon sitting near record-highs. The launch of the new UK carbon market has also placed UK energy prices in uncharted territory, with this risk feeding speculative concern in the markets, reducing the magnitude of price drops.

The **Oct 2021 12 Month Gas** price saw a fall of 8.3% to 57.50p/therm. This is driven by improvements in short-term weather forecasts, with temperature increases allowing EU gas storage to recover. With EU gas storage nearing the 5-year minimum, injection now reduces the risk posed by potential Winter-2021/22 gas shortages.

The **Oct 2021 12 Month Power** price also saw a decrease of 5.1% to £69.44/MWh, as, with the advent of the UK carbon market, carbon appears to have reached an turning point, and fallen, bringing electricity prices with it.

European Gas Storage

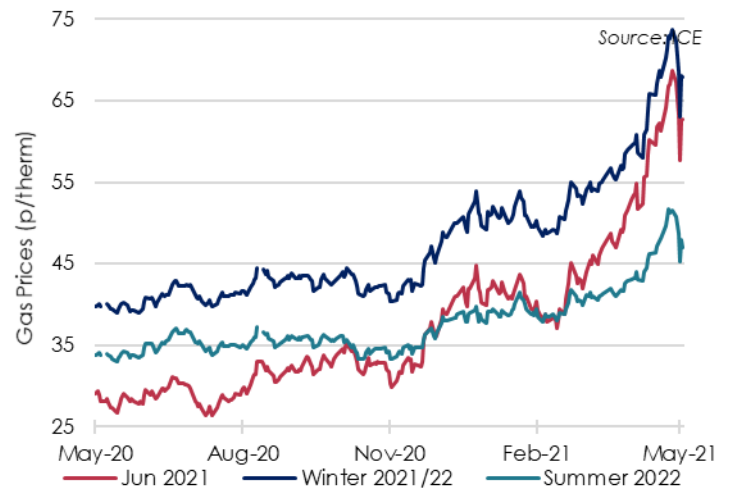


Power

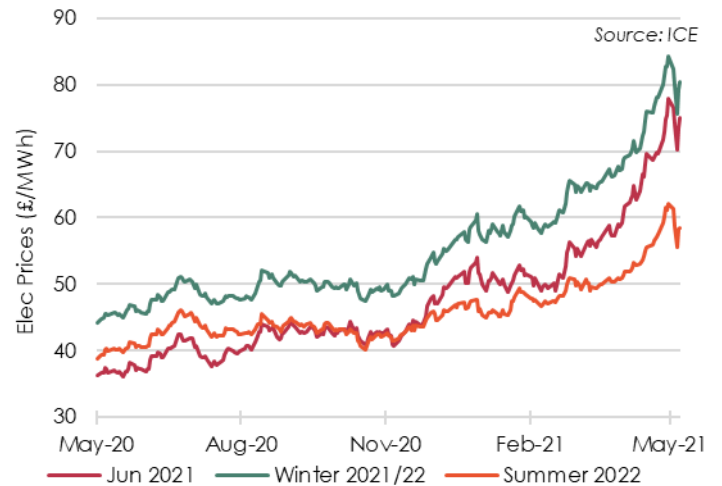
£/MWh	14 May 21	21 May 21	Change
Day-Ahead	78.73	64.52	-18.0%
Jun 2021	77.85	75.06	-3.6%
Winter 2021/22	84.33	80.47	-4.6%
Summer 2022	62.07	58.41	-5.9%
12M Annual Oct 2021	73.20	69.44	-5.1%

Source: ICE

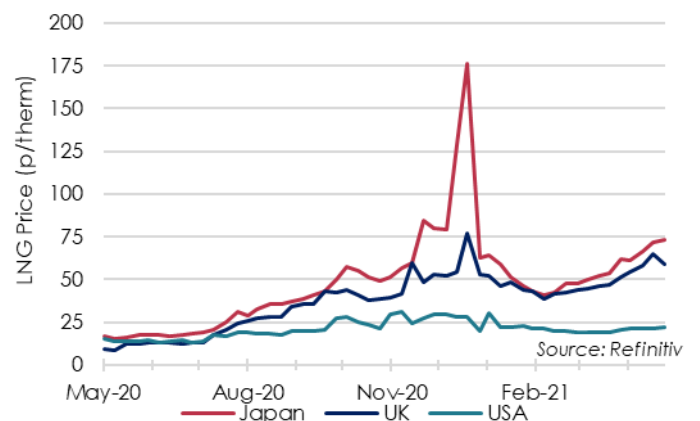
UK Gas



UK Power



Global LNG (Japan v UK v USA)



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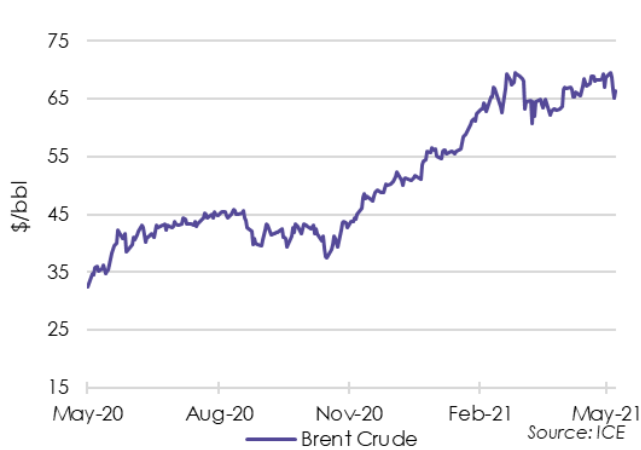
Oil

\$/bbl	14 May 21	21 May 21	Change
Brent Crude Jul 21	68.71	66.44	-3.3%

Source: Reuters

Brent crude oil fell 3.3% to \$66.44/bbl last week as the United States and Iran made progress on restoring a deal to limit the OPEC country's nuclear weapons development, which would boost global crude oil supply if sanctions were lifted.

Additionally, concerns that continued surging Covid-19 cases in Asia will dent demand for crude oil for some. In the U.S. potential interest rate hikes in response to inflation may slow economic growth and oil demand.



Exchange Rates & Economics

£/\$	14 May 21	21 May 21	Change
GBP/USD	1.4096	1.4147	0.4%

Source: Reuters

Pound Sterling rose 0.4% last week as the Office for National Statistics reported the UK economy is bouncing back faster than expected as businesses report the strongest growth in activity in more than 20 years and plenty of shoppers splash their cash in reopened stores.

Philip Shaw, chief UK economist at Investec forecast the UK economy would grow 7.5% in 2021, but said there was "a realistic possibility that growth will exceed 8%."



Carbon

€/tCO2	14 May 21	21 May 21	Change
EUA Dec Yr	56.49	51.65	-8.6%

Source: Reuters

European carbon fell 8.6% to €51.65/tCO2 last week as the new UK ETS launched. Carbon markets remained wary of increased supply and profit taking from speculative investors. EUA Carbon prices had risen sharply for the last few weeks as the EU looks to reform the carbon market to take on new 2030 decarbonisation targets.

The newly launched UK ETS is modelled on the EU ETS scheme and may potentially link up in future, but for now it remains an independent market. The UK ETS ended the week priced at £47.40/tCO2 after an initial price of £50.23.



Coal

\$/tonne	14 May 21	21 May 21	Change
API2 CIF ARA Yr	79.40	78.65	-0.9%

Source: Reuters

European coal prices fell 0.9% last week, as sky high European carbon price has made margins for even the most efficient German coal plants negative.

Carbon prices have been on a sustained upswing since October 2020, when the EU approved amendments to the European climate law that would increase the bloc's 2030 greenhouse gas (GHG) emissions reduction target to at least 55% from 1990 levels, up from 40%.



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