

Gas

p/therm	28 May 21	4 Jun 21	Change
Day-Ahead	61.90	62.85	1.5%
Jul 2021	60.68	62.71	3.3%
Winter 2021/22	68.91	70.72	2.6%
Summer 2022	47.25	46.34	-1.9%
12M Annual Oct 2021	58.08	58.53	0.8%

Source: ICE

The **July 2021 Gas** price rose 3.3% to 62.71p/therm last week as UK Continental Shelf gas production remained impacted by maintenance outages at the Forties pipeline system and an extended outage at Barrow North. Meanwhile InterconnectorUK, which connects the gas markets between the UK and Belgium, is also scheduled to be on maintenance until 16th June.

In contrast, the **July 2021 Power** price saw a small decrease of 0.9% to £73.25/MWh, as losses in the carbon market were more significant than modest gas gains. UK power prices continue to be largely led by Continental European carbon and power prices, largely thanks to coal remaining a significant source of power generation.

The **Oct 2021 12 Month Gas** price rose 0.8% to 58.53p/therm. This is driven by European sentiment where gas storage still sits at just 39% of maximum capacity, compared to 75% at the same point last year. The rate of LNG deliveries to Europe has been slow to react to rising prices, but an increase in LNG cargoes over the next month should ensure solid send-out, keep the system well-supplied and gradually start to refill storages, which sit at just 18% in the UK.

The **Oct 2021 12 Month Power** price saw a small decline of 0.9% to £68.76/MWh, following carbon prices lower.

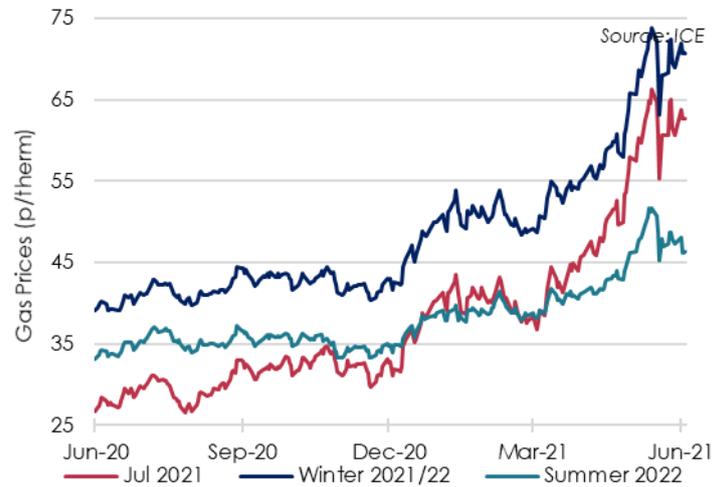
Carbon remains a key price driver for UK and European power and any significant movement is likely to be critical for the direction of UK energy prices in both the short and long term.

Power

£/MWh	28 May 21	4 Jun 21	Change
Day-Ahead	73.00	71.17	-2.5%
Jul 2021	73.94	73.25	-0.9%
Winter 2021/22	80.57	80.71	0.2%
Summer 2022	58.17	56.81	-2.3%
12M Annual Oct 2021	69.37	68.76	-0.9%

Source: ICE

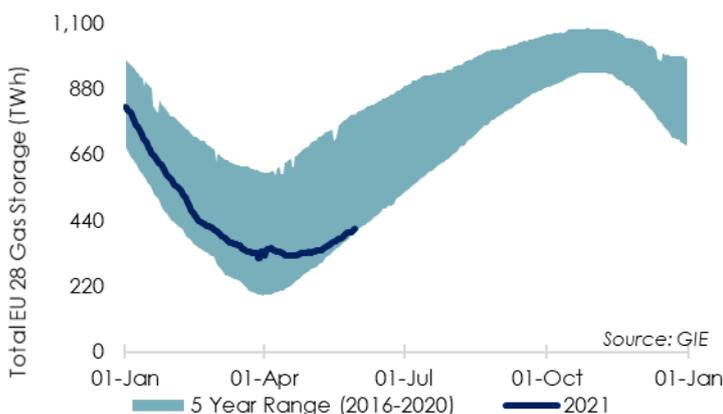
UK Gas



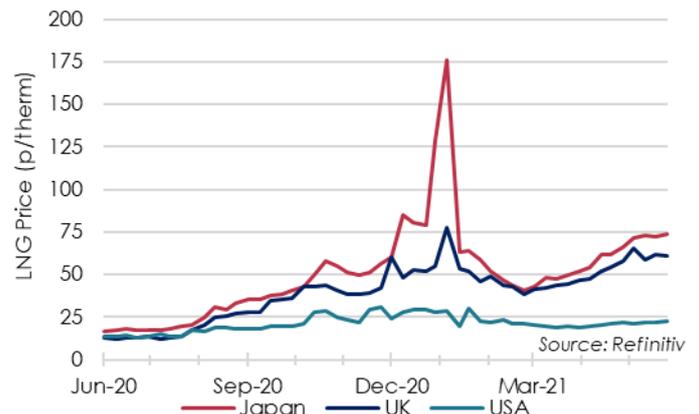
UK Power



European Gas Storage



Global LNG (Japan v UK v USA)



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Beond Weekly UK Insight

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Oil

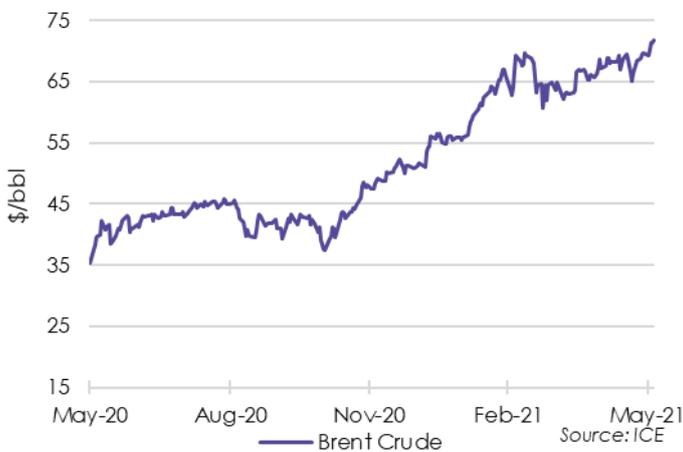
\$/bbl	28 May 21	4 Jun 21	Change
Brent Crude Aug 21	69.63	71.89	3.2%

Source: Reuters

Brent crude oil rose by 3.2% to \$69.63/bbl last week to hit a new two-year high on Friday with Brent exceeding \$72/bbl for the first time since 2019. Summer and the reopening of the global economy from pandemic-enforced lockdowns are seen as bullish for oil demand.

OPEC+ members reaffirmed their commitment to supply restrictions earlier in the week and a report showed that U.S. inventories had decreased by more than forecast.

Further boosting oil last week was a slowdown in the talks between the U.S. and Iran over Iran's nuclear programme, reducing expectations of a return of Iranian oil supply.



Carbon

€/tCO2	28 May 21	4 Jun 21	Change
EUA Dec Yr	50.95	49.90	-2.1%

Source: Reuters

European carbon fell by a further 2.1% to €49.90/tCO2 last week while the UK ETS fell from £48.50 to \$45.75/tCO2.

For the 'cost containment mechanism' (CCM) to be triggered, the UK price would have to remain above £44.74 for three months straight. The trigger will be reviewed on 10 June, but in the short term we may find that this CCM price acts as an anchor, limiting gains.



Exchange Rates & Economics

£/\$	28 May 21	4 Jun 21	Change
GBP/USD	1.4187	1.4154	-0.2%

Source: Reuters

Pound Sterling fell 0.2% last week as the Delta Covid-19 variant was confirmed to be up to 40% more transmissible than other variants. Despite the UK's successful vaccination programme, cases have increased over the last couple of weeks raising question marks over the speed of the recovery of the economy.

Meanwhile, U.S. unemployment figures for May were much lower than forecast in a boost for the dollar.



Coal

\$/tonne	28 May 21	4 Jun 21	Change
API2 CIF ARA Yr	80.40	80.70	0.4%

Source: Reuters

European coal prices rose 0.4% last week as European wind output dropped below average and power demand increased for cooling from warmer weather across the Continent to provide support for coal prices.

In addition, an outage at Colombia's main coal producer ended last week, boosting global supply.



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