

Beond Weekly UK Insight

23 August 2021

Gas

p/therm	13 Aug 21	20 Aug 21	Change
Day-Ahead	107.80	102.25	-5.1%
Sep 2021	110.89	104.76	-5.5%
Winter 2021/22	116.46	103.73	-10.9%
Summer 2022	72.23	67.34	-6.8%
12M Annual Oct 2021	94.35	85.53	-9.3%

Source: ICE

The **Sept 2021 Gas** price fell 5.5% to 104.76p/therm last week, after gas supplier Gazprom confirmed that a controversial Russian pipeline to Europe, Nord Stream 2, can deliver its first batches of natural gas to Germany in 2021.

More than 99% of the pipeline has been completed, according to its operator. But before carrying the first gas to Germany, the link needs to obtain insurance and certification, a task made difficult by U.S. sanctions that restrict providing these services to the project.

The **Oct 2021 12 Month Gas** price declined 9.3% to 85.53p/therm as news that Nord Stream 2 would increase supply to Europe by 5.6 bcm will help ease a supply crunch in the European market.

European gas storages have only filled to 63% of maximum capacity, compared to 91% at the same point in time last year. This continues to be a major supply risk ahead of the colder winter period.

The **Oct 2021 12 Month Power** price fell 3.3% to £91.94/MWh, tracking gas, oil, carbon and coal prices lower.

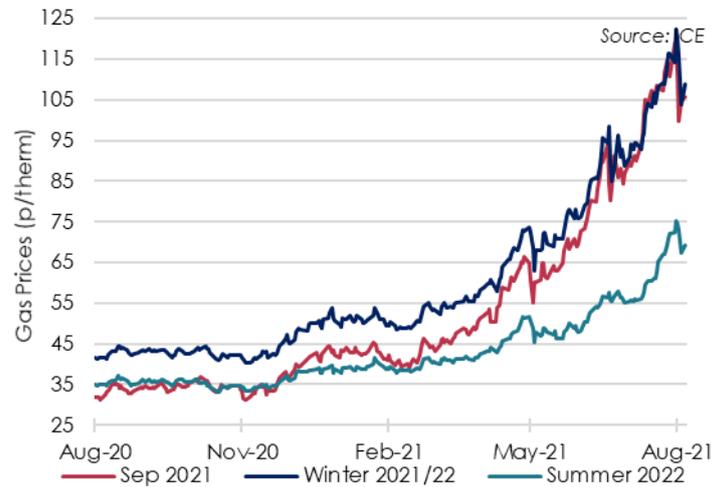
Prices for both gas and power continue to be supported by high levels of tender activity in the run up to the 1 Oct renewal date. With only 5 weeks to go, there is very little time for customers to lock out their 2021 supply contracts.

Power

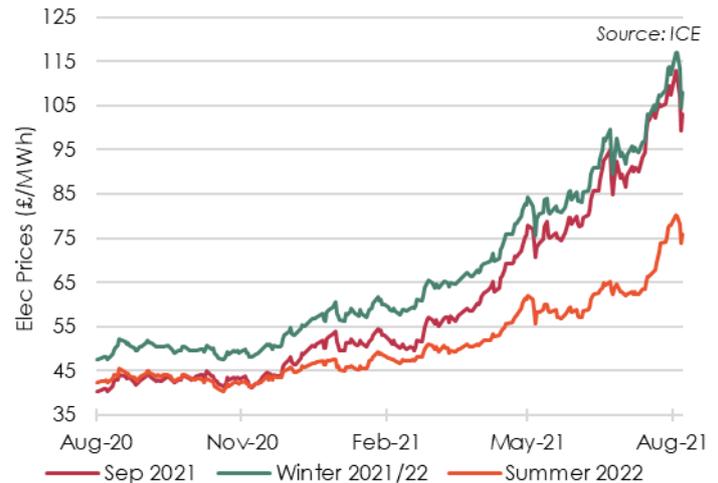
£/MWh	13 Aug 21	20 Aug 21	Change
Day-Ahead	101.80	104.99	3.1%
Sep 2021	107.36	103.00	-4.1%
Winter 2021/22	112.17	108.01	-3.7%
Summer 2022	77.98	75.87	-2.7%
12M Annual Oct 2021	95.08	91.94	-3.3%

Source: ICE

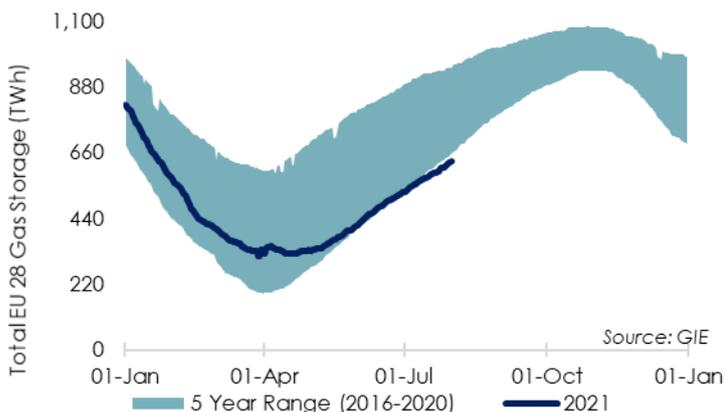
UK Gas



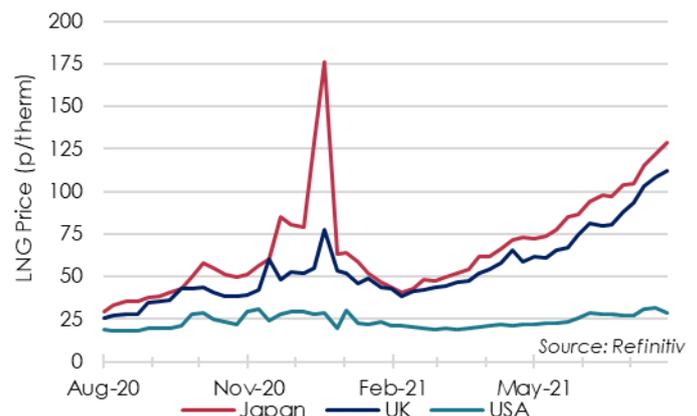
UK Power



European Gas Storage



Global LNG (Japan v UK v USA)



T: +44 208 634 7533

E: strategicclients@beondgroup.com

W: www.beondgroup.com

Beond Weekly UK Insight

23 August 2021

Oil

\$/bbl	13 Aug 21	20 Aug 21	Change
Brent Crude Oct 21	70.59	65.18	-7.7%

Source: Reuters

Brent crude oil prices fell 7.7% last week to \$65.18/bbl, the lowest levels since May.

The fall came as the U.S. Federal Reserve pulled back the pace of bond purchases in an effort to strengthen the dollar. This statement of economic uncertainty from the U.S. Fed has widened concerns of the latest wave of Covid-19. The spread of the new Delta variant has begun to drag down energy demand and optimism for the recovery of the oil market.



Carbon

€/tCO2	13 Aug 21	20 Aug 21	Change
EUA Dec Yr	55.31	54.32	-1.8%

Source: Reuters

European carbon fell by a further 1.8% last week to €54.32/tCO2 as the price of gas flagged and fell. The drop in the price of gas reduced the demand for, the more polluting, coal and as such demand prospects for carbon credits fell.

The UK carbon market also fell during the second half of last week to £48.42 alongside the falling gas price.



Disclaimer: These views and recommendations are offered for your consideration and Beond makes every effort to ensure that the data and information in this report is accurate. However, due to the volatile and unpredictable nature of the energy markets, Beond cannot guarantee the accuracy of both the information and the recommendations provided. Beond does not accept any responsibility for errors or misstatements, or for any direct, indirect, consequential or other loss arising from any use of this information and/or further communication in relation to this information.

Exchange Rates & Economics

£/\$	13 Aug 21	20 Aug 21	Change
GBP/USD	1.3863	1.3621	-1.7%

Source: Reuters

Pound Sterling fell by 1.7% to 1.3621 last week as the U.S. dollar strengthened.

The market has been described as "worried" regarding the upswing in global occurrence and rates of the Covid-19 Delta variant. This has caused traders to return to a state of risk aversion and the strengthening of the "safe-haven" U.S. dollar. It is likely investment into the dollar will continue should the global economy weaken.



Coal

\$/tonne	13 Aug 21	20 Aug 21	Change
API2 CIF ARA Yr	103.00	101.25	-1.7%

Source: Reuters

European coal prices saw their first significant fall since February, easing by 1.7% to \$101.25/tonne.

This tracks the "freefall" seen in the wider energy markets, driven by the falling price of gas. As the price of carbon remains above €50/tCO2, generators will favour gas-fired over coal-fired electricity generation, as it is less polluting. Should the price of gas continue to fall, coal is very likely to fall with it.

