

Gas

p/therm	20 Aug 21	27 Aug 21	Change
Day-Ahead	102.25	114.00	11.5%
Oct 2021	107.39	122.61	14.2%
Winter 2021/22	109.00	123.65	13.4%
Summer 2022	67.34	72.00	6.9%
12M Annual Oct 2021	88.17	97.83	11.0%

Source: ICE

The **Oct 2021 Gas** price rose 14.2% to 122.61p/therm last week, after a German court ruling that the Nord Stream 2 (NS2) gas pipeline link with Russia must comply with EU rules requiring the owners of pipelines to be different from the suppliers of the gas that flows through them. This could delay the start of Nord Stream 2 deliveries but will not stop completion of the pipeline.

Meanwhile, Continental Europe is already experiencing low gas stocks, sitting at just 67% of maximum capacity, and struggling to attract deliveries of LNG amid strong demand and high prices in Asia.

The **Oct 2021 12 Month Gas** price increased 11.0% to 97.83p/therm ahead of the UK bank holiday, amid concerns about the impact of storms on US LNG production.

Asia's LNG importers expect high prices this winter on the back of tight demand-supply fundamentals, which could derail procurement plans and increase power prices, especially if temperatures drop sharply similar to cold snaps seen in the previous winter season.

The **Oct 2021 12 Month Power** price rose 7.7% to £99.05/MWh, tracking increases in gas, oil, carbon and coal prices.

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

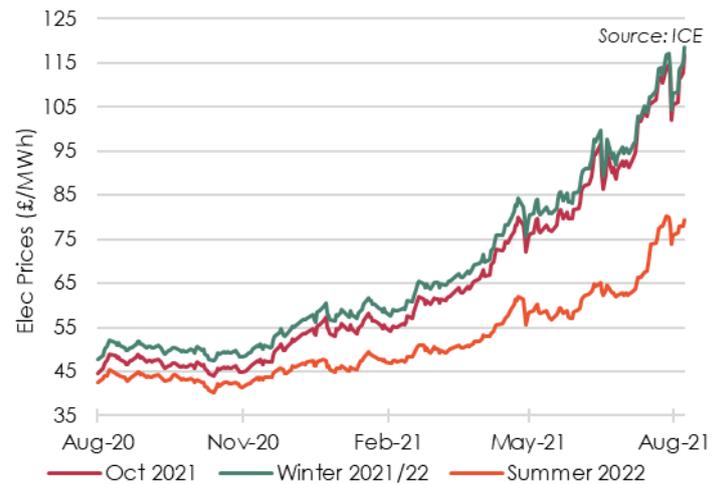
£/MWh	20 Aug 21	27 Aug 21	Change
Day-Ahead	104.99	110.00	4.8%
Oct 2021	105.64	116.79	10.6%
Winter 2021/22	108.01	118.68	9.9%
Summer 2022	75.87	79.41	4.7%
12M Annual Oct 2021	91.94	99.05	7.7%

Source: ICE

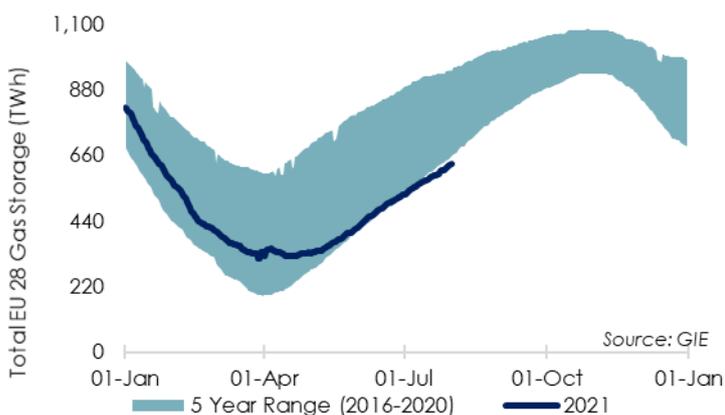
UK Gas



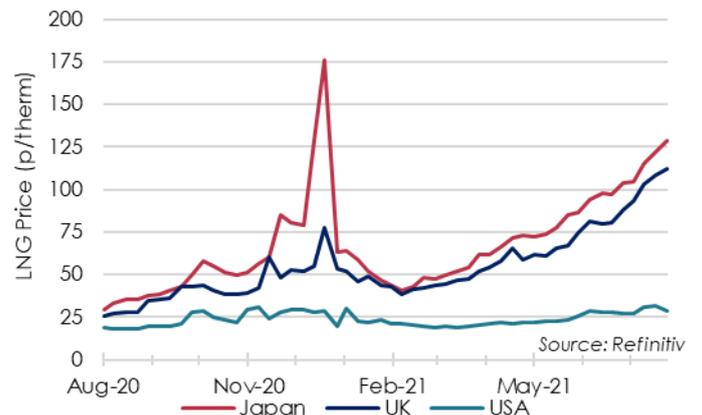
UK Power



European Gas Storage



Global LNG (Japan v UK v USA)



Beond Weekly UK Insight

31 August 2021

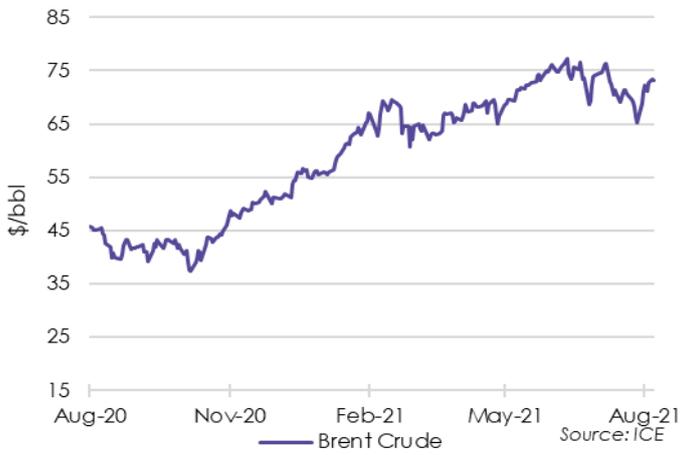
Oil

\$/bbl	20 Aug 21	27 Aug 21	Change
Brent Crude Oct 21	65.18	72.70	11.5%

Source: Reuters

Brent crude oil prices rose 11.5% to \$72.70/bbl, posting the highest weekly gain in over a year as Hurricane Ida caused several U.S. oil rigs to shut production.

Oil prices have been pushed higher in anticipation of supply disruption from the Gulf of Mexico during Hurricane Ida. Additionally, some traders expect OPEC+ to be resistant to raise their output to meet the shortfall due to the impact of the Delta variant on crude demand recently.



Exchange Rates & Economics

£/\$	20 Aug 21	27 Aug 21	Change
GBP/USD	1.3621	1.3757	1.0%

Source: Reuters

Pound Sterling rose by 1.0% to 1.3757 last week as the US Fed announced it would consider tapering the bond-buying scheme and that it would be hosting its latest symposium virtually, in relation to the growing wave of US Covid-19 cases. A sign of acceptance that the US economy could begin to slow again.

The British Pound has benefitted from PM Boris Johnson's statement that reopening of the economy is irreversible, though growing Covid-19 cases has stifled optimism.



Carbon

€/tCO2	20 Aug 21	27 Aug 21	Change
EUA Dec Yr	54.32	58.96	8.5%

Source: Reuters

European carbon rose 8.5% last week to €58.96/tCO2 setting a new all-time high on Friday.

A combination of reduced auctions this week and a rise in gas prices, following a reduction in global supply due to the forecasted closures in the Gulf of Mexico, lead to a jump in EUA prices of ~2% on Friday.

The UK carbon market also set a new record high to end last week at £50.77/tCO2.



Coal

\$/tonne	20 Aug 21	27 Aug 21	Change
API2 CIF ARA Yr	101.25	109.00	7.7%

Source: Reuters

European coal prices recovered this week, gaining 7.7% to \$109.00/tonne, in line with gas prices. Following last week's price drop in relation to positive news related to the Nord Stream 2 gas pipeline, gas prices have again rallied making them uncompetitive against the price of coal.

European gas spot prices have also been so high that a modest growth is being seen in European coal burn across 2021. Until EU gas storage and pipeline flows have recovered, the demand for coal is likely to increase to fill the gap in fuel-fired generation.



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