

Gas

p/therm	27 Aug 21	3 Sep 21	Change
Day-Ahead	114.00	130.00	14.0%
Oct 2021	122.61	130.45	6.4%
Winter 2021/22	118.82	133.67	12.5%
Summer 2022	72.00	75.22	4.5%
12M Annual Oct 2021	95.41	104.44	9.5%

Source: ICE

The **Oct 2021 Gas** price rose 6.4% to 130.45 p/therm last week, as lower LNG inflows and supply disruptions from Russia's YAMAL pipeline, together with strong storage injection demand (more than doubled from last year) were the key bullish drivers.

Meanwhile, Continental Europe is already experiencing low gas stocks, sitting at just 68% of maximum capacity (compared to 92% this time last year), and struggling to attract deliveries of LNG amid strong demand and record high prices in Asia.

The **Oct 2021 12 Month Gas** price increased 9.5% to 104.44 p/therm as European gas contracts are trading near record highs, with gas storage levels lower than usual for this time of year and high prices in Asia leading to fewer deliveries of LNG heading to Europe. Just one tanker is currently scheduled to arrive in Britain this month.

Global LNG supply has been curtailed for the past few months due to prolonged maintenance in Russia and Australia, through the situation is improving.

The **Oct 2021 12 Month Power** price rose 5.2% to £104.21/MWh, tracking increases in gas, carbon and coal prices. Gas prices are now so high that we're seeing gas-to-coal switching for power generation.

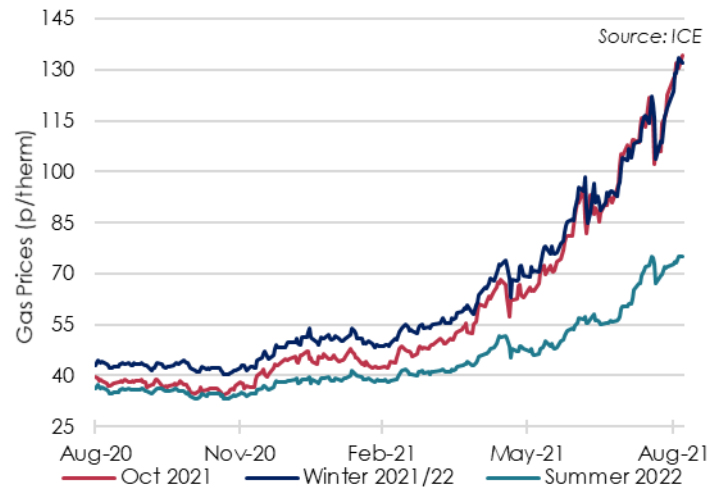
Prices for both gas and power continue to be supported by high levels of purchasing activity in the run up to the 1 Oct renewal date. With only 5 weeks to go, there is very little time for customers to lock out their 2021 supply contracts.

Power

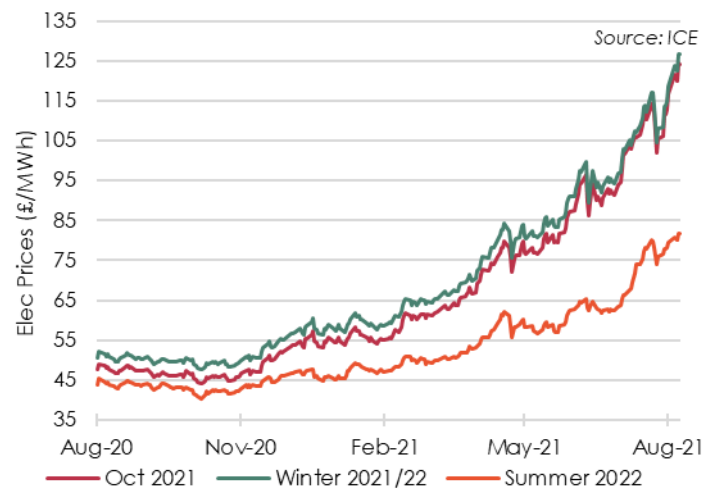
£/MWh	27 Aug 21	3 Sep 21	Change
Day-Ahead	110.00	123.98	12.7%
Oct 2021	116.79	123.97	6.1%
Winter 2021/22	118.68	126.55	6.6%
Summer 2022	79.41	81.87	3.1%
12M Annual Oct 2021	99.05	104.21	5.2%

Source: ICE

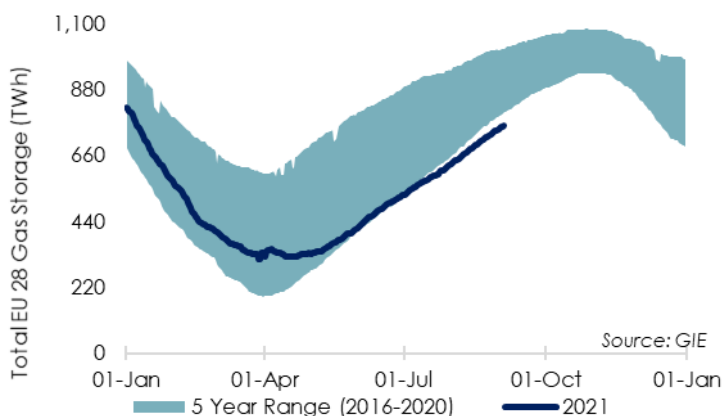
UK Gas



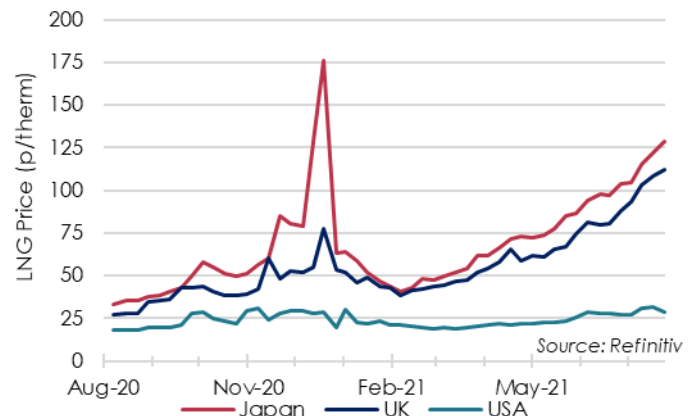
UK Power



European Gas Storage



Global LNG (Japan v UK v USA)



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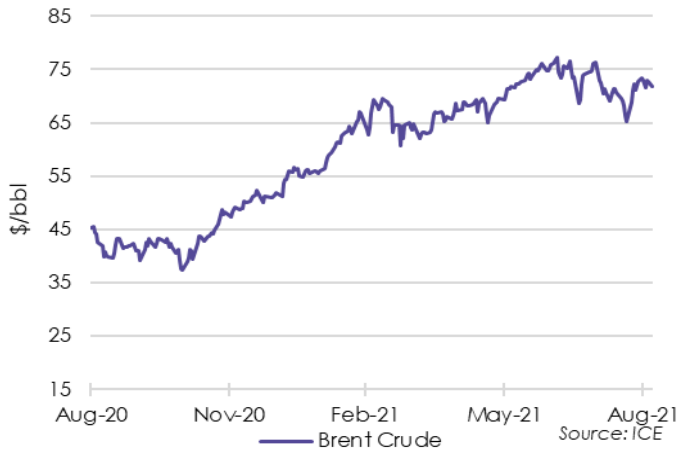
Oil

\$/bbl	27 Aug 21	3 Sep 21	Change
Brent Crude Nov 21	72.70	72.61	-0.1%

Source: Reuters

Brent crude oil prices moved laterally last week, with a 0.1% fall to \$72.61/bbl following a turbulent week.

This rebound has been led by recent data showing a sharp drop in US crude oil inventories. This drop in US inventories is largely offset by mixed feelings about the direction of the global economy in the midst of the current wave of Covid-19.



Carbon

€/tCO2	27 Aug 21	3 Sep 21	Change
EUA Dec Yr	58.96	61.28	3.9%

Source: Reuters

European carbon rose last week with prices continuing to break record-highs. The rise, of 3.9% to €61.28/tCO₂, came as natural gas prices resumed its rally and the European Commission reiterated that it was not concerned about the current high cost of the market.

The UK ETS also saw the price climb last week, however not to the same extent as the EU ETS, rising by 1.6% to £53.76/tCO₂. The price increases in the UK are moderated by the government showing greater concern over carbon prices as they continuously breach the "cost-containment mechanism".



Exchange Rates & Economics

£/\$	27 Aug 21	3 Sep 21	Change
GBP/USD	1.3757	1.3865	0.8%

Source: Reuters

Pound Sterling rose by 0.8% to 1.3865, reflecting dollar weakness. That said, GBP is lagging behind its EU peers in rises against the USD due to Brexit-related shortages as well as persistently high Covid-19 case numbers.

The GBP/USD market is in something of a state of flux, with both economies showing signs of weakness.



Coal

\$/tonne	27 Aug 21	3 Sep 21	Change
API2 CIF ARA Yr	109.00	118.70	8.9%

Source: Reuters

European coal prices saw drastic gains last week of nearly \$10/tonne, rising by 8.9% to \$118.70/tonne.

The rises follow the current cost of gas as generators must seek alternative fuel sources to gas for power generation.

As long as electricity prices remain high, the cost of coal will match with huge demand on the continent and in the UK. In the UK today, 1.13GW (3.4%) of electricity is coal-fired. The demand for coal accommodates the lacklustre gas supply heading into winter.

