

Last Week at a Glance

Week 4, 2023



BRENT M+1

86.13 \$/bbl

Oil prices soared for the second straight week amid a brighter economic outlook in China.

Outlook:
(Horizon 1 week)



GAS TTF Y+1

63.09 €/MWh

TTF year-ahead price turned bullish last week amid cold spell, lower supply from Norway.

Outlook:
(Horizon 1 week)



POWER GE Y+1

167.27 €/MWh

The German year-ahead power price climbed wee-on-week, in tandem with bullish gas, carbon markets.

Outlook:
(Horizon 1 week)



Highlights

EVOLUTION OF MAIN ENERGY PRODUCTS IN THE LAST WEEK

UK Power BL Y+1	▼ (-3.34%)
Poland Power BL Y+1	▲ (1.3%)
Spain Power BL Y+1	▲ (0.14%)
Italy Power BL Y+1	▼ (-5.32%)
Netherlands Power BL Y+1	▼ (-6.26%)
Germany Power BL Y+1	▼ (-6.54%)
France Power BL Y+1	▼ (-6.77%)
Netherlands Gas TTF Y+1	▼ (-5.92%)
France Gas PEG Y+1	▼ (-7.89%)
Germany Gas THE Y+1	▼ (-5.83%)
UK Gas NBP Y+1	▼ (-5%)
Poland Gas Y+1	▼ (-8.37%)
Italy Gas PSV Y+1	▼ (-6.81%)
Coal API-2 Y+1	▼ (-2.15%)
CO2 Dec-22	▲ (2.65%)
GasOil M+1	▼ (-1.01%)
Brent M+1	▲ (1.73%)

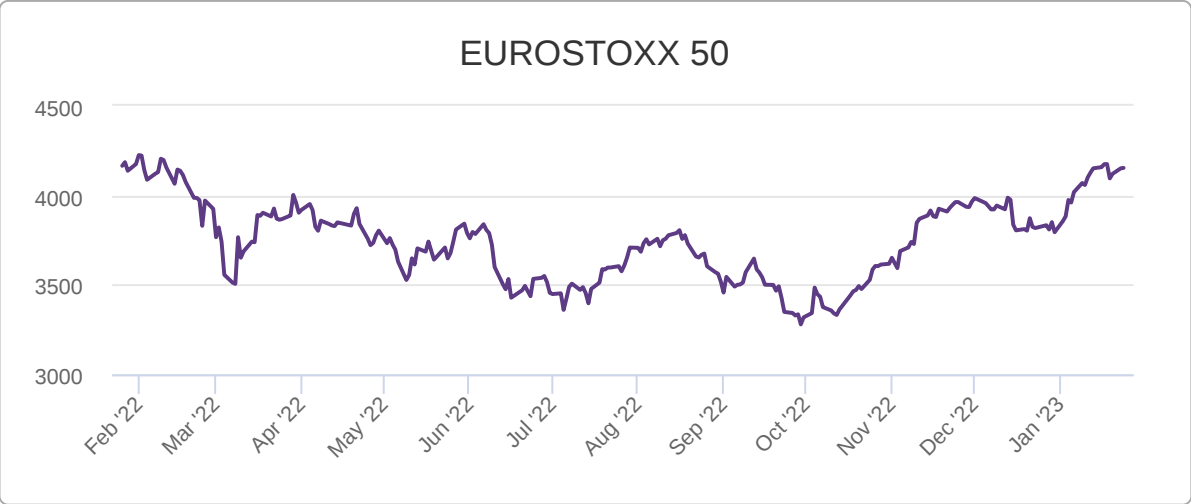
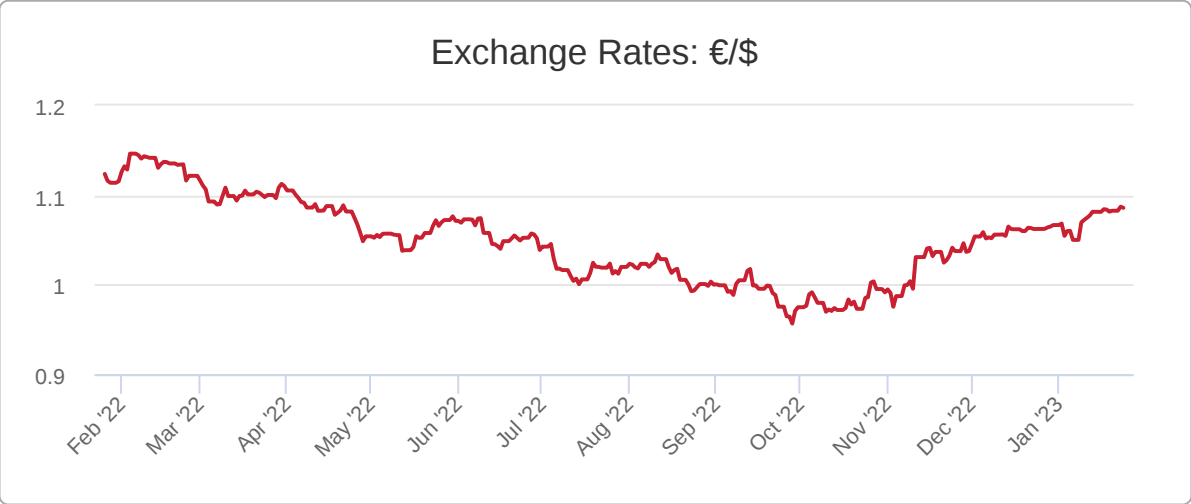
% Change Current Week vs Week-1

Evolution of main energy products in the last week



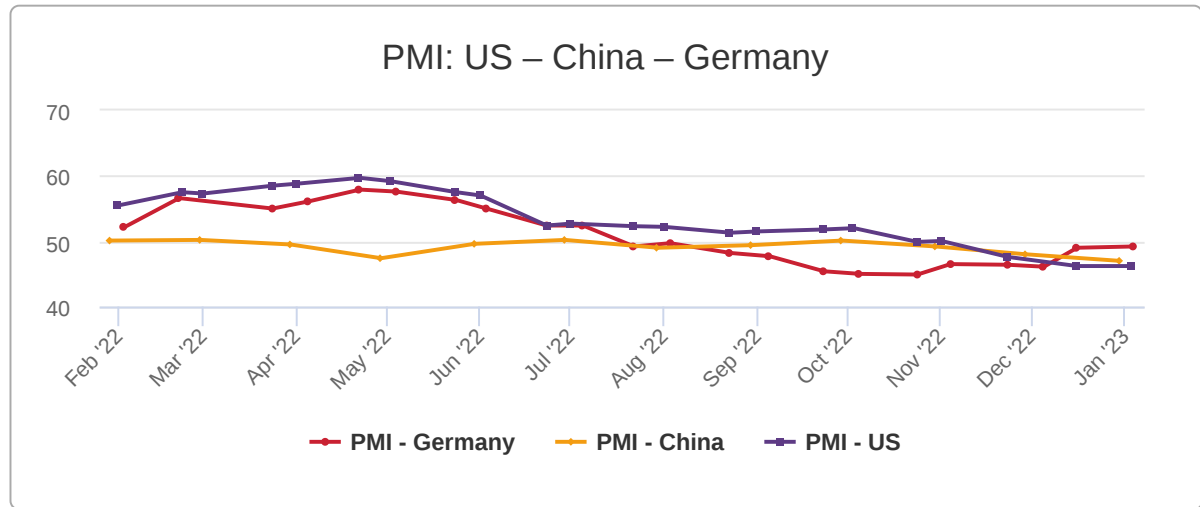
General Overview

✓ The Euro ended the week rather flat against the U.S. Dollar, with the European common currency underpinned by recently hawkish comments from the European Central Bank (ECB) officials. Meanwhile, the Fed officials were also hawkish ahead of the two-week-long pre-FOMC (Federal Open Market Committee) blackout period. However, fears of economic slowdown and easing inflation concerns seem to allow traders to rush toward the riskier assets, weighing on the US Dollar's demand.



✓ The purchasing managers index is a composite indicator of a country's manufacturing activity. It takes into account order intake, production, employment, shipments and stocks in the manufacturing sector.

- PMI < 50: contraction in the activity
- PMI > 50: expansion in the activity



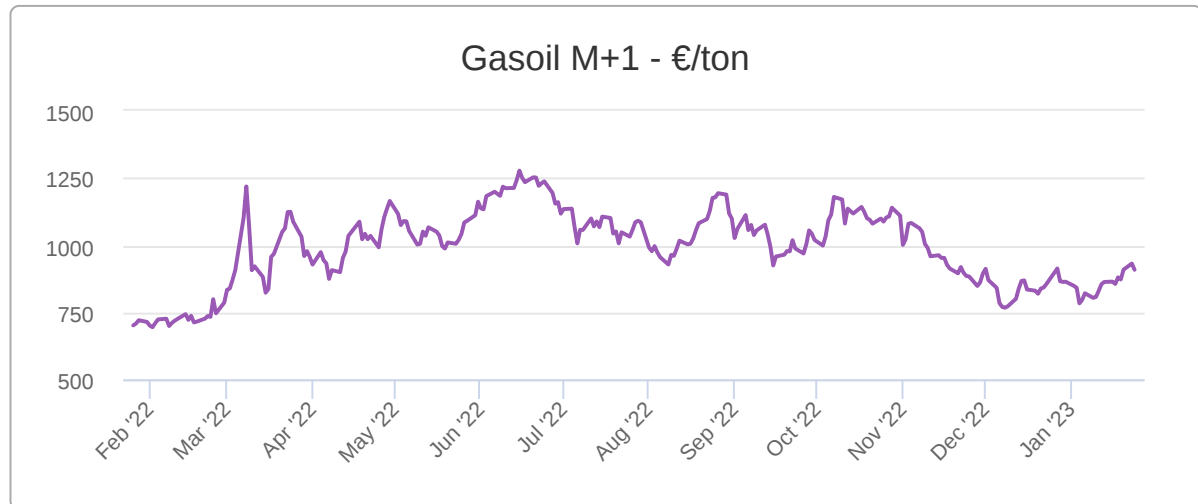
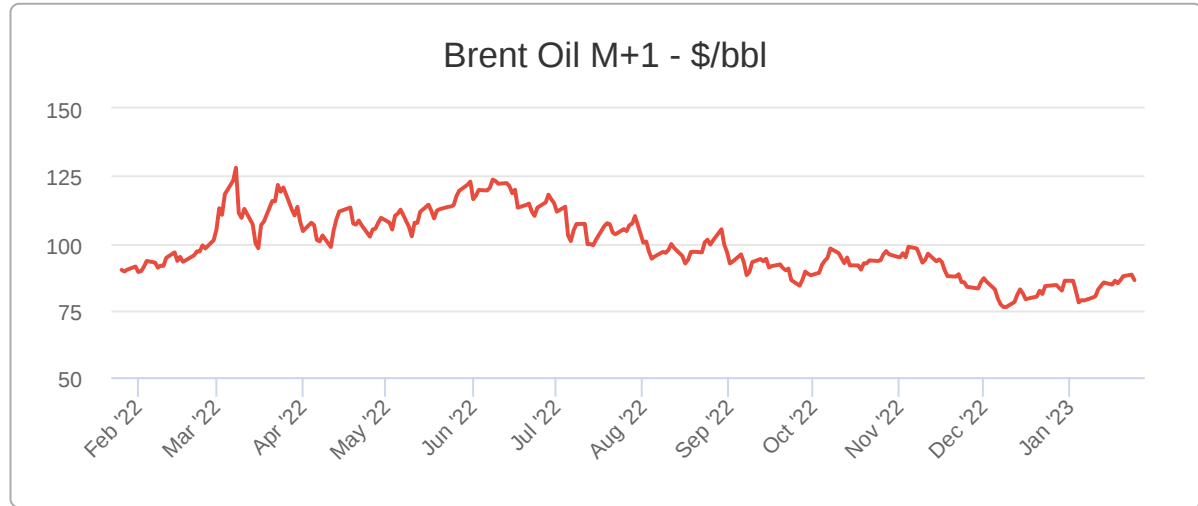
Oil

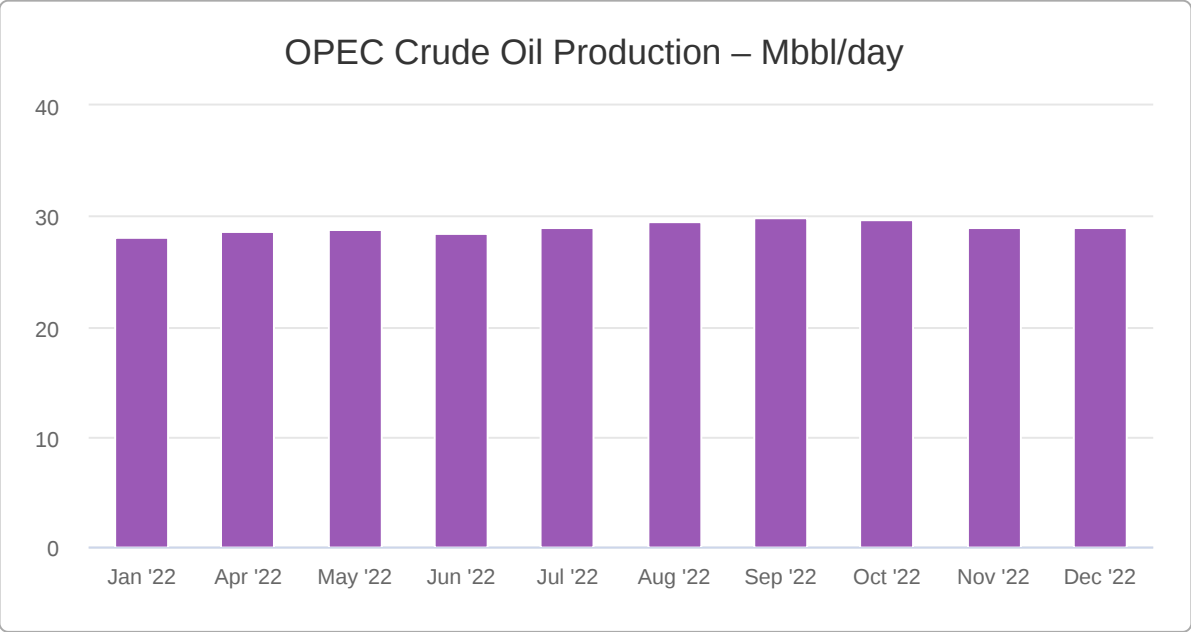
- ✓ Oil prices surged, marking a second consecutive weekly gain as China's economic prospects improved, raising expectations for fuel demand in the world's second-largest economy.

The International Energy Agency (IEA) said last week that China's reopening will drive global oil demand to a record high of 101.7 million barrels per day (bpd) this year, up 1.9 million bpd from 2022, raising its demand growth estimate for 2023 by 200,000 bpd from 1.7 million bpd in December.

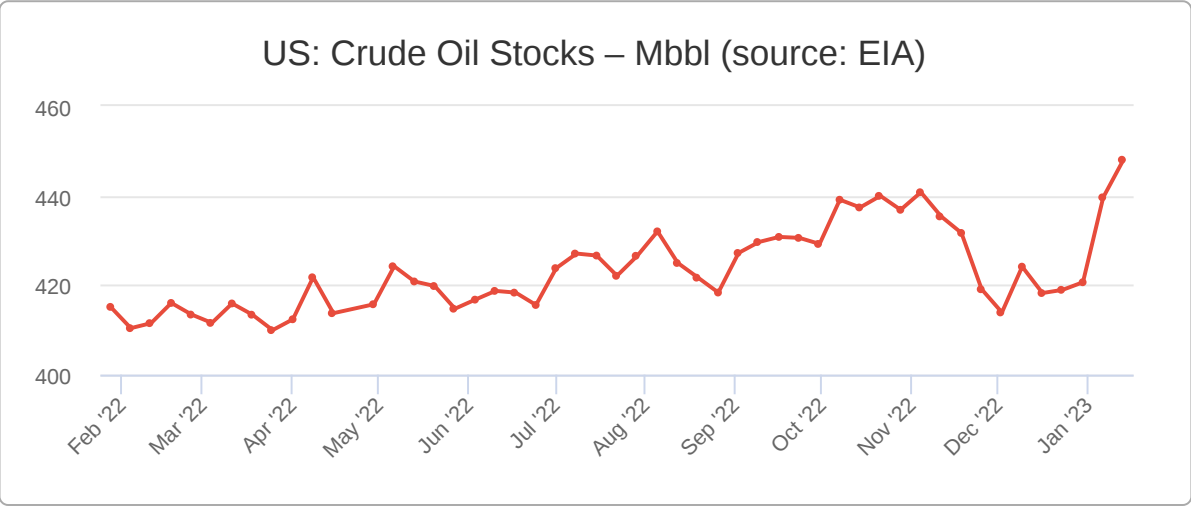
The IEA said in its closely watched Oil Market Report (OMR) for January that China will account for nearly half of the increase in oil demand this year, following the lifting of Covid restrictions.

At the same time, global oil supply growth in 2023 is expected to slow to 1 million bpd, down from 4.7 million bpd in 2018.





✓ Oil rigs in the United States fell by 10 last week, to 613. It is the largest single week drop in the number of oil rigs since September 2021.

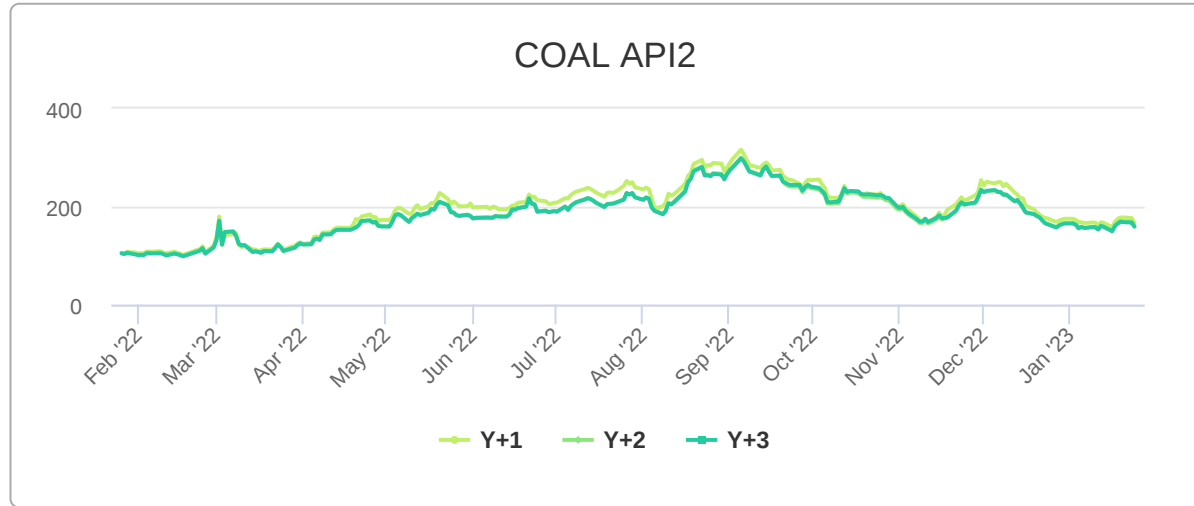


Coal & CO2

- ✓ European coal prices soared last week. The upturn is likely the result of the current cold spell in parts of Europe.

Uniper will temporarily keep its 345 MW Scholven B hard coal unit in Germany online as part of government plans to limit gas generation amid Europe's supply crisis. The utility originally planned to decommission the unit at the end of March but announced in December that it would extend its running time.

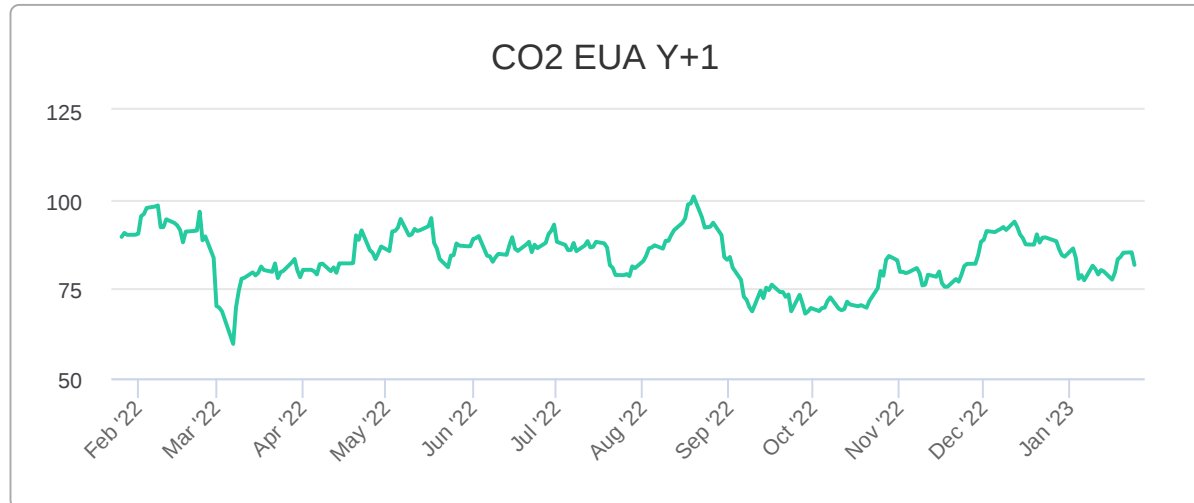
TSO National Grid had asked two coal-fired units at the giant Drax power station in Yorkshire, plus a third at the West Burton plant in Nottinghamshire, to warm up in case they were required to help meet demand on Monday amid cold weather and low wind generation, according to the UK business daily.



- ✓ European carbon prices climbed over the past week, driven by rising demand due to the ongoing compliance buying season, as well as by bullish technical signals.

The European Parliament's environment committee may vote on key EU ETS reforms in February, with a parliamentary vote scheduled for March, according to MEP Pieter Liese.

Negotiators reached an agreement on key ETS reforms in December during trilogue discussions, but technical details needed to be worked out before the agreement could be put to a vote, according to Liese.



Natural Gas

Natural Gas Storage Total EU 28

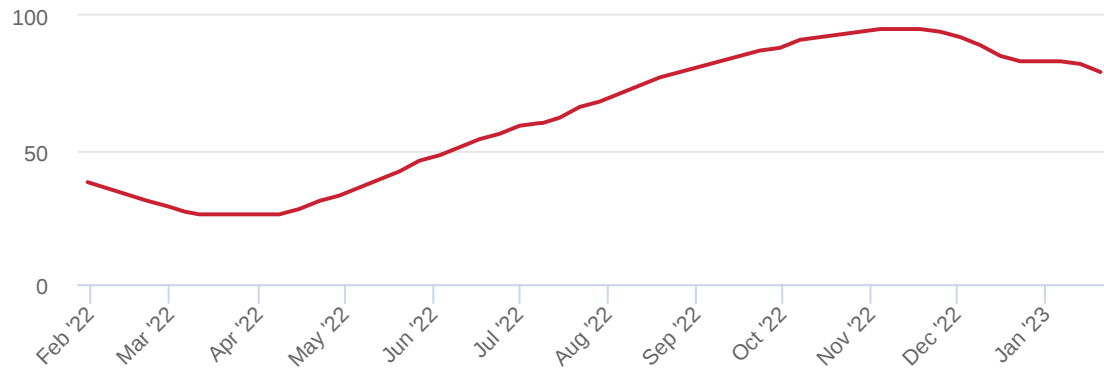
Date: 20.01.2023










Outlook:



Gas Storage Inventory in % (EU)



Natural Gas Storage

 United Kingdom	83%
 Germany	87%
 France	75%
 Spain	93%
 Portugal	98%
 Italy	77%
 Netherlands	73%



LNG Storage

LNG Storage Total EU 28

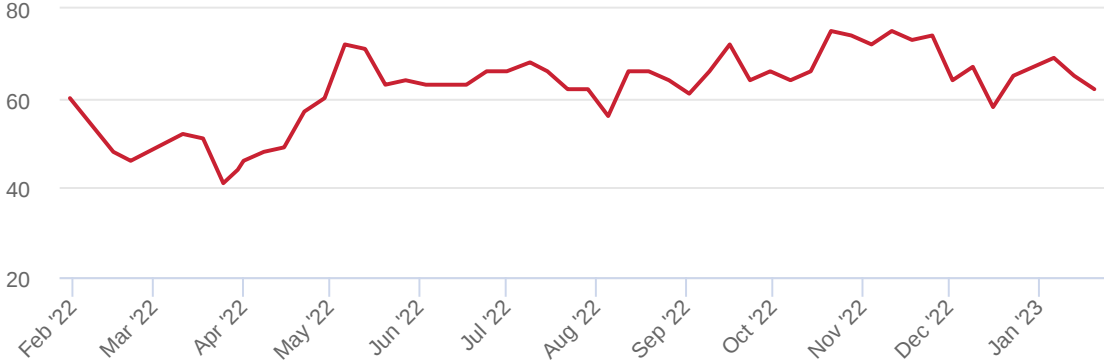
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Outlook:



LNG Storage Inventory in tsd. cubic meter LNG (EU)



LNG Storage

 United Kingdom	49%
 France	68%
 Spain	72%
 Portugal	72%
 Italy	41%
 Netherlands	67%

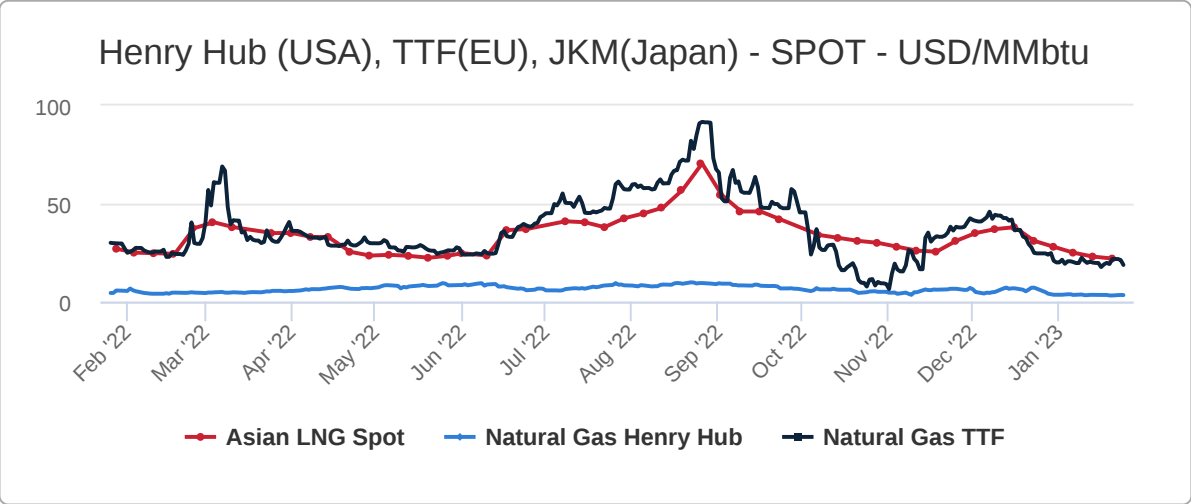


Henry Hub - TTF - JKM

✓ Asian spot liquefied natural gas (LNG) prices fell for the fifth week in a row on ample inventories and tepid demand ahead of the Lunar New Year holiday, amid low gas prices in Europe where storage levels are above the five-year average.

The average LNG price for March delivery into northeast Asia was \$22 per million British thermal units (mmBtu), down \$1, or 4.3%, from the previous week, industry sources estimated. Prices have fallen more than 21% since the start of 2023.

Freeport LNG, the second-largest U.S. LNG exporter, said it had completed repairs to its plant and asked U.S. regulators for permission to take early steps to restart the fire-idled facility. Freeport has said repeatedly that the plant is on track to restart in the second half of January, pending regulatory approvals.

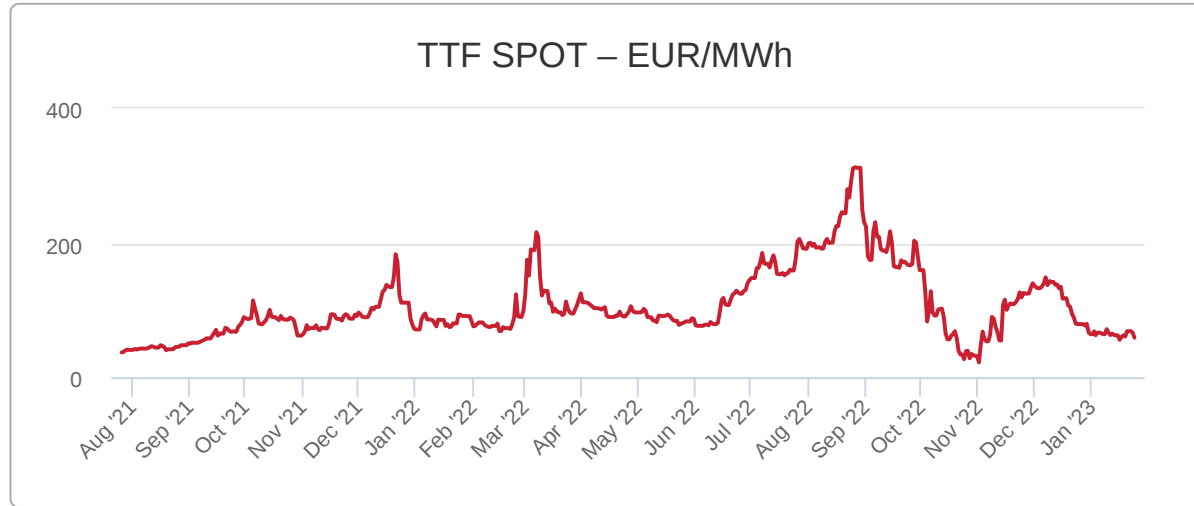


TTF

MARKET AVERAGE	PERIOD	PRICE €/MWh
Month M-12	January 22	83.8
Month M-1	December 22	112.7
Month M	January 23	64.3
Current Year	2023	64.3
Year Y-1	2022	121.1

- ✓ TTF spot price rallied last week as forecasts indicated that cold weather will linger into next week and perhaps return later in February.

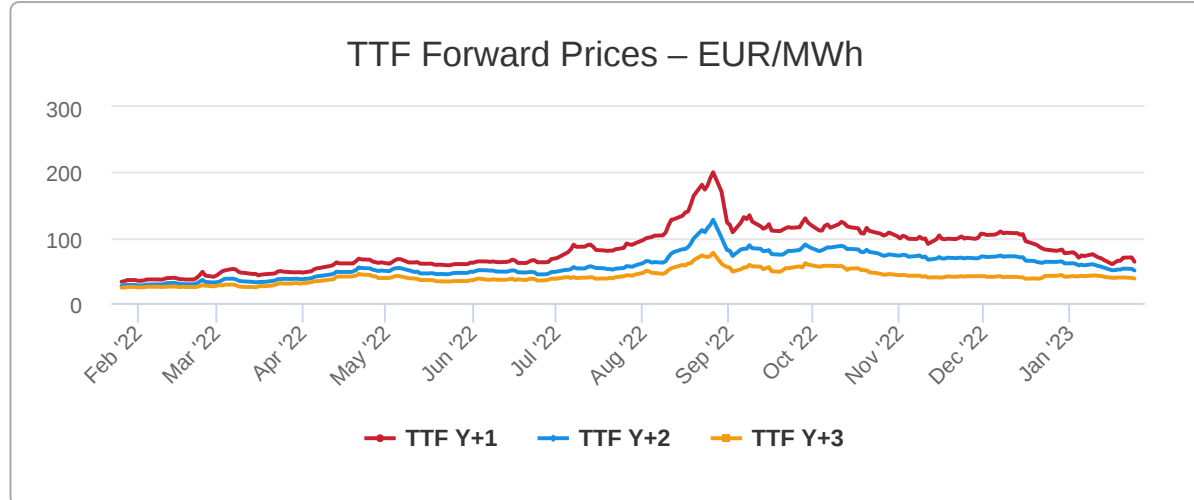
The Hoegh Gannet floating regasification and storage unit (FSRU) has arrived at the Brunsbuettel port in Germany, boosting the country's annual LNG import capacity by 7.5bcm/year, according to operator RWE. The first LNG cargo will come from Abu Dhabi National Oil Company and is scheduled to arrive at the end of the month, according to a statement.



SPREAD €/MWh	12-MONTH MOVING AVERAGE	LAST WEEK AVERAGE
TTF Y+2 vs Y+1	-24.2	-15.4
TTF Y+3 vs Y+1	-41.8	-28.6

- ✓ TTF gas prices jumped on a weekly basis, spurred by the current cold spell, strong demand and reduced supply. However, bullish sentiment it is likely to be short lived as temperatures are returning to above seasonal normal levels soon.

Gas flows from Norway are declining to a two-month low, however gas stores remain a very healthy level in Europe overall, despite the cold snap and higher gas for power demand, gas stores are still at their 5 year high.



Uniper has sold its 20% stake in the BBL natural gas

interconnector between the Netherlands and the United Kingdom. BBL is a 235-kilometer gas pipeline with an hourly capacity of 20,600,000 kWh/h between Balgzand in the Netherlands and Bacton in the United Kingdom, and an hourly capacity of 7,000,000 kWh/h between the two. The energy giant announced an agreement with Spanish energy company Enagas to sell its stake for €75 million (£66 million).

European Gas

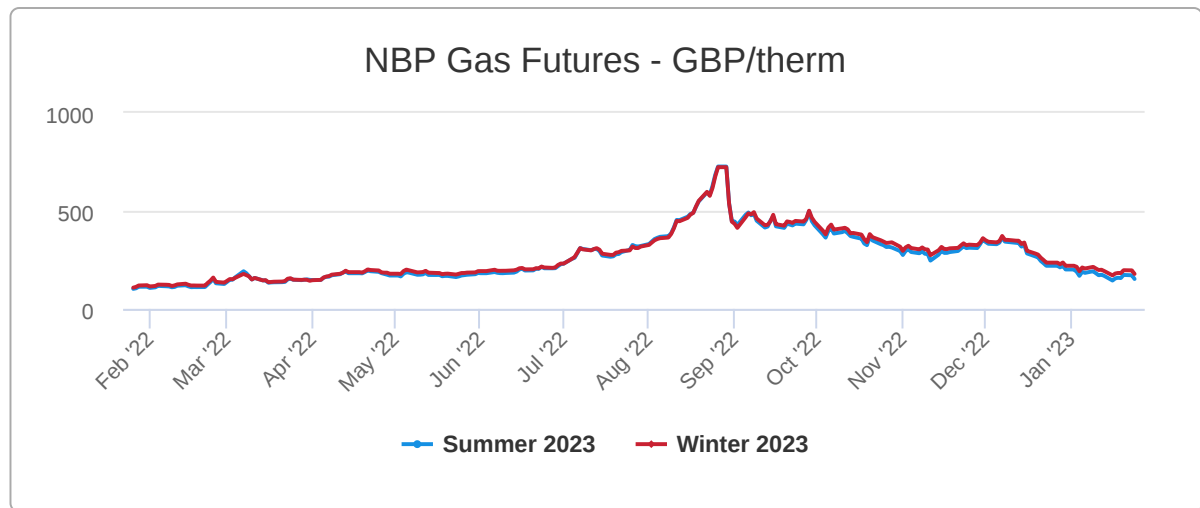
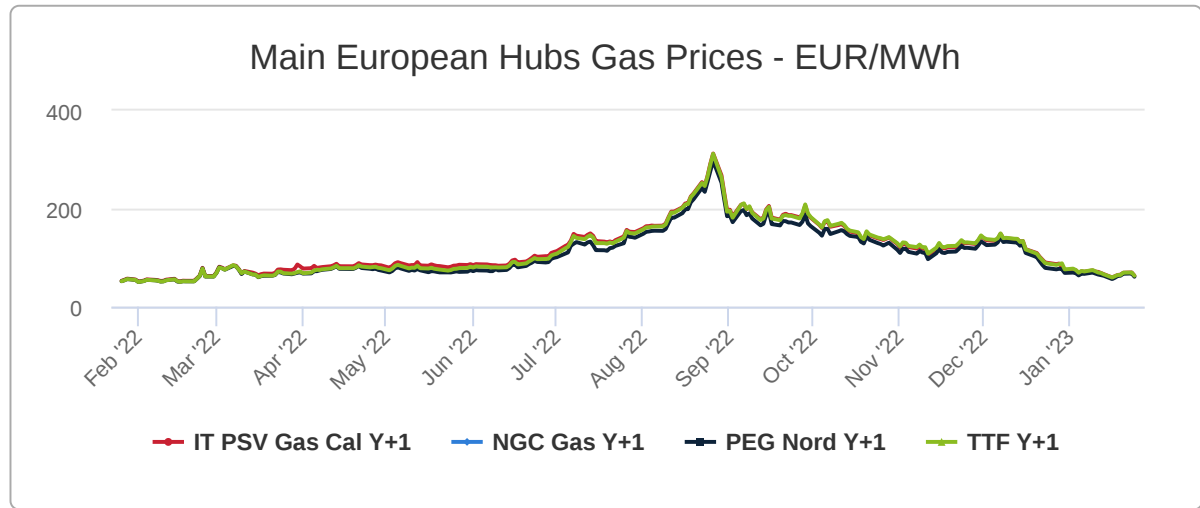
Spread vs TTF	12-Month moving average	Last Week average
PSV (IT)	2	0.1
TRF (FR)	0	-14.4
NCG (GE)	-7.1	-2

✓ An unplanned outage at Norway's Visund field will cut gas flows by 6mcm until Wednesday, according to TSO Gassco.

The EU's planned gas price cap has had no significant impact yet on wholesale energy or energy derivatives markets but may do so in future, EU watchdogs Acer and Esma said on Monday.

Planned production at Italy's largest LNG terminal, the Adriatic, could see a "significant reduction" due to unfavourable weather conditions in the northern Adriatic sea, said Italian energy company Edison.

The Dutch government is looking to close the earthquake-prone Groningen gas field this year. The Netherlands decided in 2018 to speed up the end of gas production from the giant field because exploration work had triggered earthquakes in the region.



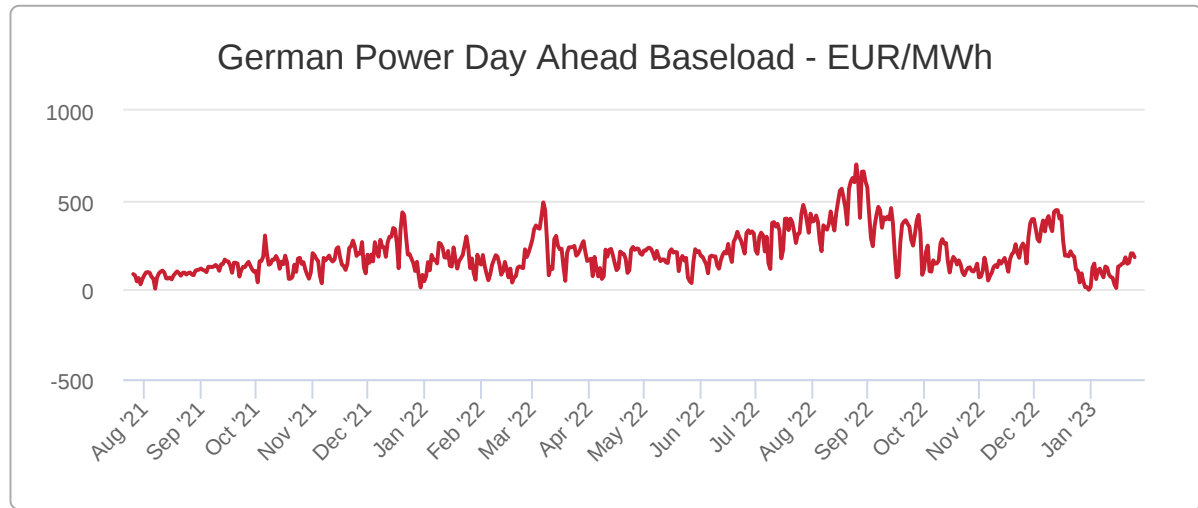
German Power

MARKET AVERAGE	PERIOD	PRICE €/MWh
Month M-12	January 22	169.9
Month M-1	December 22	239.4
Month M	January 23	118.4
Current Year	2023	118.4
Year Y-1	2022	235.3

- ✓ The German day-ahead power skyrocketed last week amid forecasts of reduced wind input and cold temperatures.

German utility RWE has stopped its 1,336 MW nuclear power unit Emsland A for maintenance until 6 February at 11:00 CET, according to company data.

The current cold spell in Germany should subside next week and while temperatures should rise it would be less mild in early February than previously expected, which could support residential heating demand.

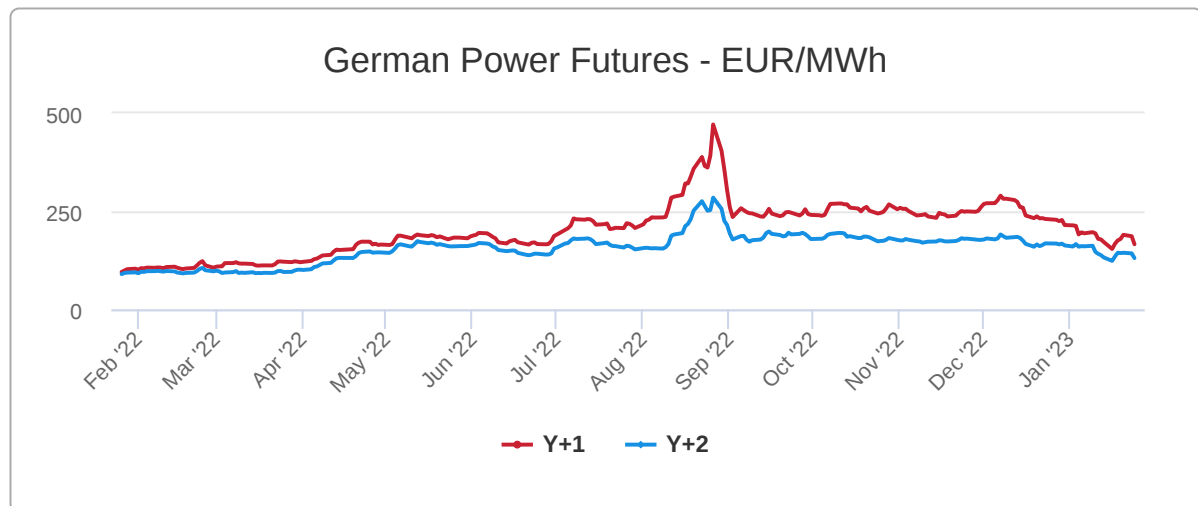


SPREAD €/MWh	12-MONTH MOVING AVERAGE	LAST WEEK AVERAGE
GE BL Y+2 vs Y+1	-47.4	-39.5
GE BL Y+3 vs Y+1	-68.9	-58.9

- ✓ German power futures prices surged over the past week amid firmer gas and carbon markets.

Germany's offshore wind capacity could reach 36.5 GW by 2030 – 6.5 GW, or 22%, higher than currently targeted – with potential for further increases by 2040, a government report backed by the economy minister showed on Friday.

The planned 2m tonnes/year H2MED hydrogen pipeline between France and Iberia will be extended to Germany to strengthen Europe's hydrogen infrastructure, according to French and German leaders.



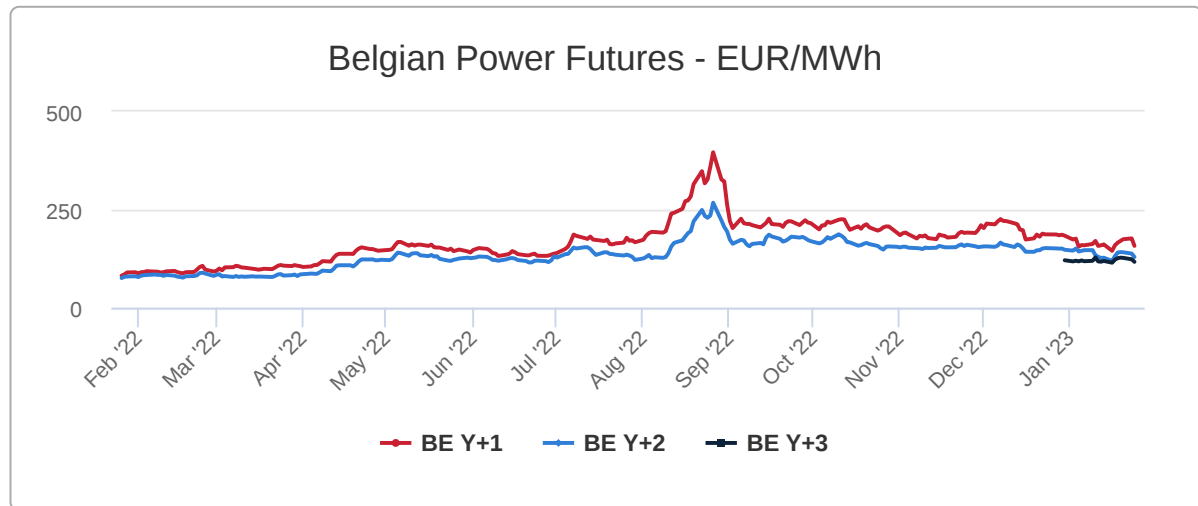
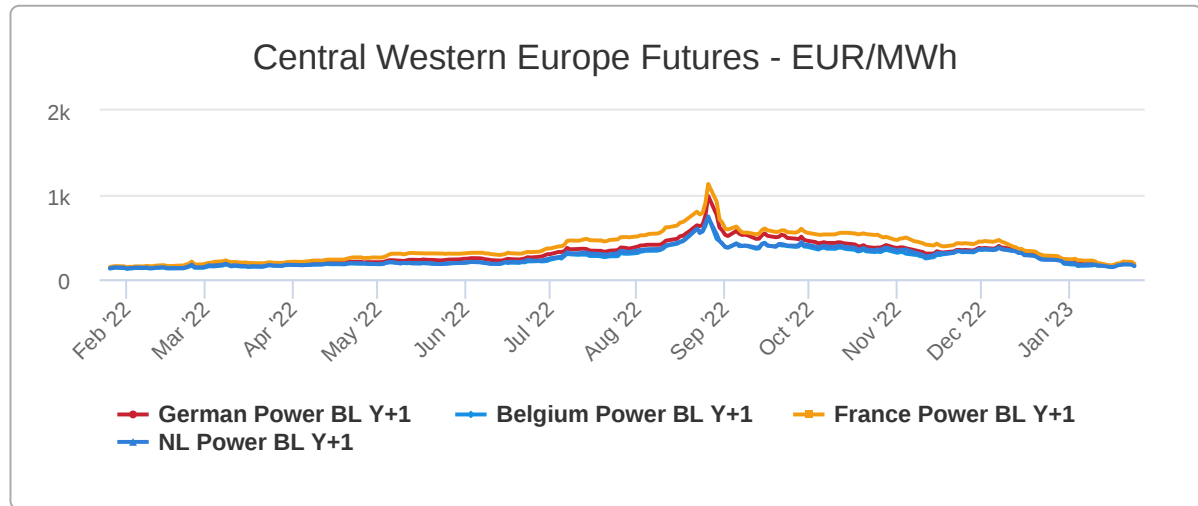
Central Western Europe

SPREAD VS GE POWER	12-MONTH MOVING AVERAGE	LAST WEEK AVERAGE
BE	-45.8	-10.5
FR	67.9	17.9
NL	-36.7	-12.6

✓ France should get through the winter without power cuts provided domestic and industrial consumption remains at below average levels, French energy minister Agnes PannierRunacher told RMC radio.

France's biggest energy union, CGT, on Monday called for immediate rolling strikes against the government's pension reform bill.

The European Commission is considering whether to continue capping the revenues that low-cost power generators in the EU can keep as part of market reform proposals due in March.

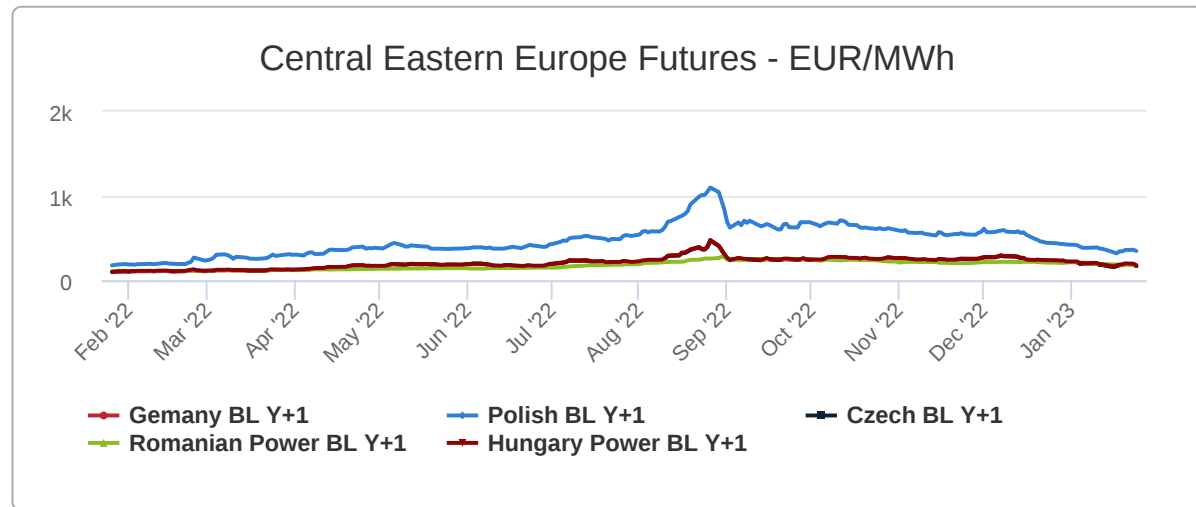


Central Eastern Europe

SPREAD VS GE POWER	12-MONTH MOVING AVERAGE	LAST WEEK AVERAGE
Polish BL Y+1	266.9	177.6
Czech BL Y+1	2.1	1.8
Romanian Power BL Y+1	-25.9	8.1
Hungarian Power BL Y+1	6.1	9

- ✓ Balkan hydropower output rose by 2 GW over the week as precipitation in Romania and Serbia, the region's hydropower leaders, is forecast to average four times the seasonal norm this week and will out-turn at s178% the following two fortnights.

The lower house of the Polish parliament, the Sejm, this week will vote on a government proposal to water down a damaging '10H' distance rule for onshore wind, which since it came into effect in 2016 has excluded most of the country's territory from new projects.

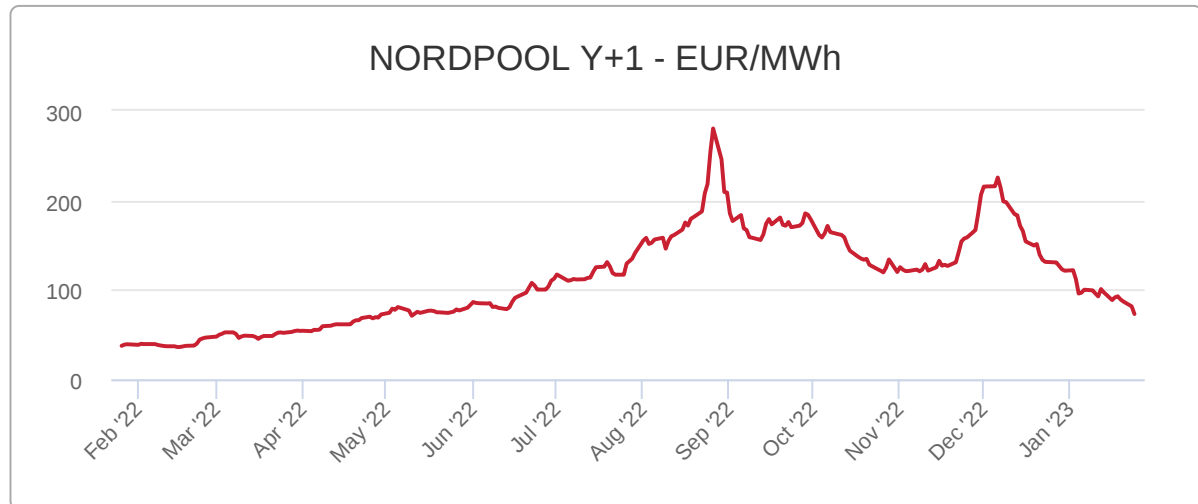
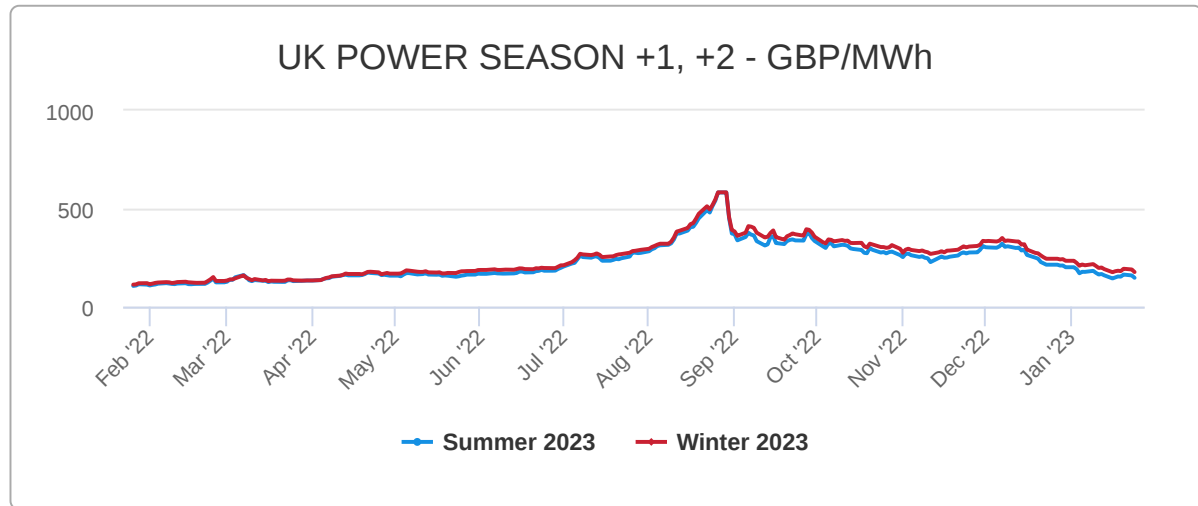


UK - Nordpool

✓ Nord Pool saw 1,077 TWh traded last year, up 12% from 2021 amid a surge in nonNordic volumes, according to the Oslo-based spot power exchange.

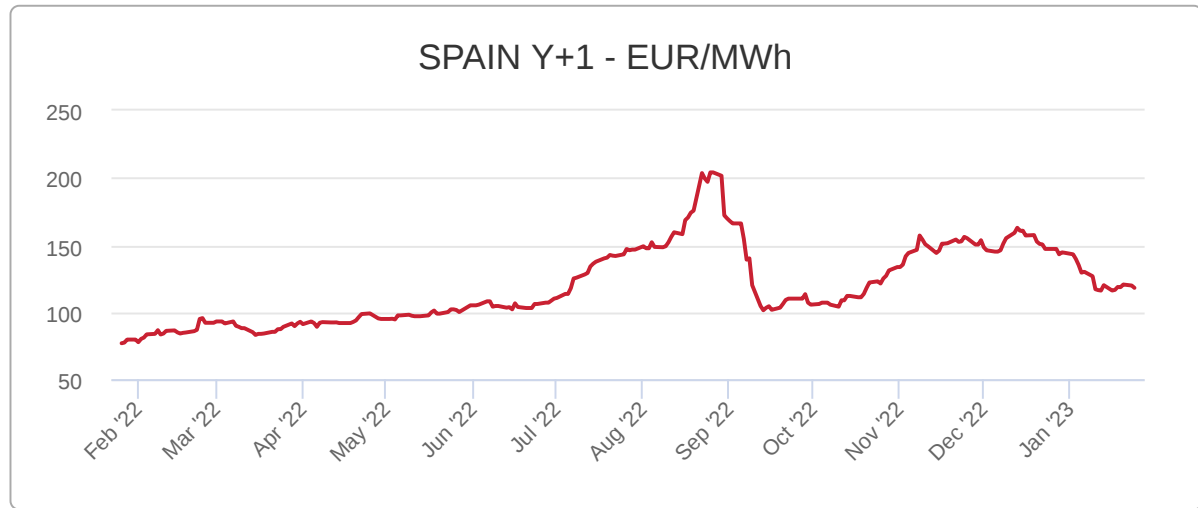
Of the total, 232 TWh was traded in the UK day-ahead market, up 58% from 2021, while the central and western Europe day-ahead market covering Austria, Belgium, France, Germany, Luxembourg, the Netherlands and Poland traded 111.1 TWh, up 63% from the previous year.

BayWa RE has sold two UK solar projects totalling 110 MW to investment funds, the German renewables company said on Tuesday.

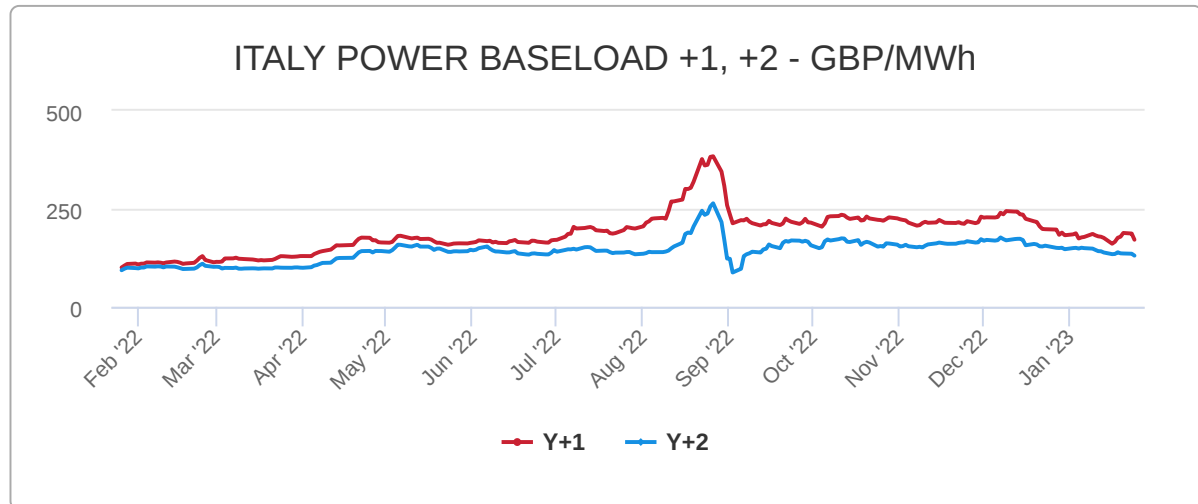


Electricity Spain - Italy

- ✓ France and Spain are united in wanting an overhaul of the EU power market and urged that reform take place in the “coming months”, according to their leaders.

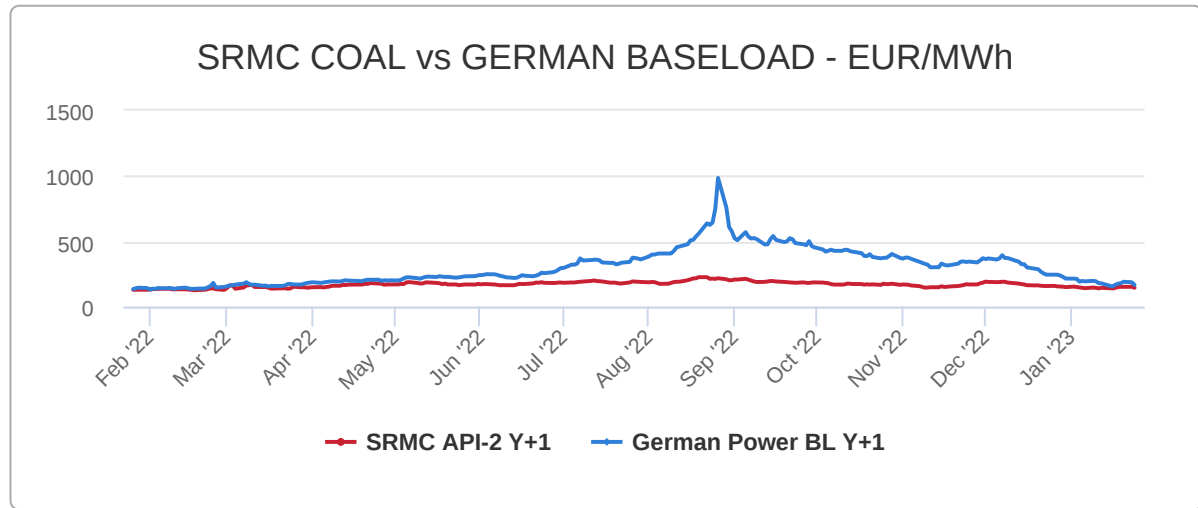


- ✓ Italy's electricity demand fell by 1% last year to 316.8 TWh, led by a 5% decline from industrial consumers, according to TSO Terna.



Short Range Marginal Cost

SPREAD SRMC	12-MONTH MOVING AVERAGE	LAST WEEK AVERAGE
Coal API-2 vs German Power Baseload Y+1	-133	-28.1
Gas THE Y+1 vs German Power Peakload Y+1	-285.1	-158.5



TECHNICAL ASSUMPTIONS	GAS	COAL
Efficiency Factor	50%	36%
Management Cost	3.8	4.4

