

Last Week at a Glance

Week 5, 2023



BRENT M+1

84.49 \$/bbl

Oil prices turned bearish due to unexpected Russian supply and the possibility of additional interest rate increase.

Outlook:

(Horizon 1 week)



GAS TTF Y+1

14.23 €/MWh

TTF year-ahead price fell amid relatively high storage levels, the prospect of more LNG deliveries and warmer weather.

Outlook:

(Horizon 1 week)



POWER GE Y+1

50.93 €/MWh

The German year-ahead power price decreased tracking lower gas and coal markets.

Outlook:

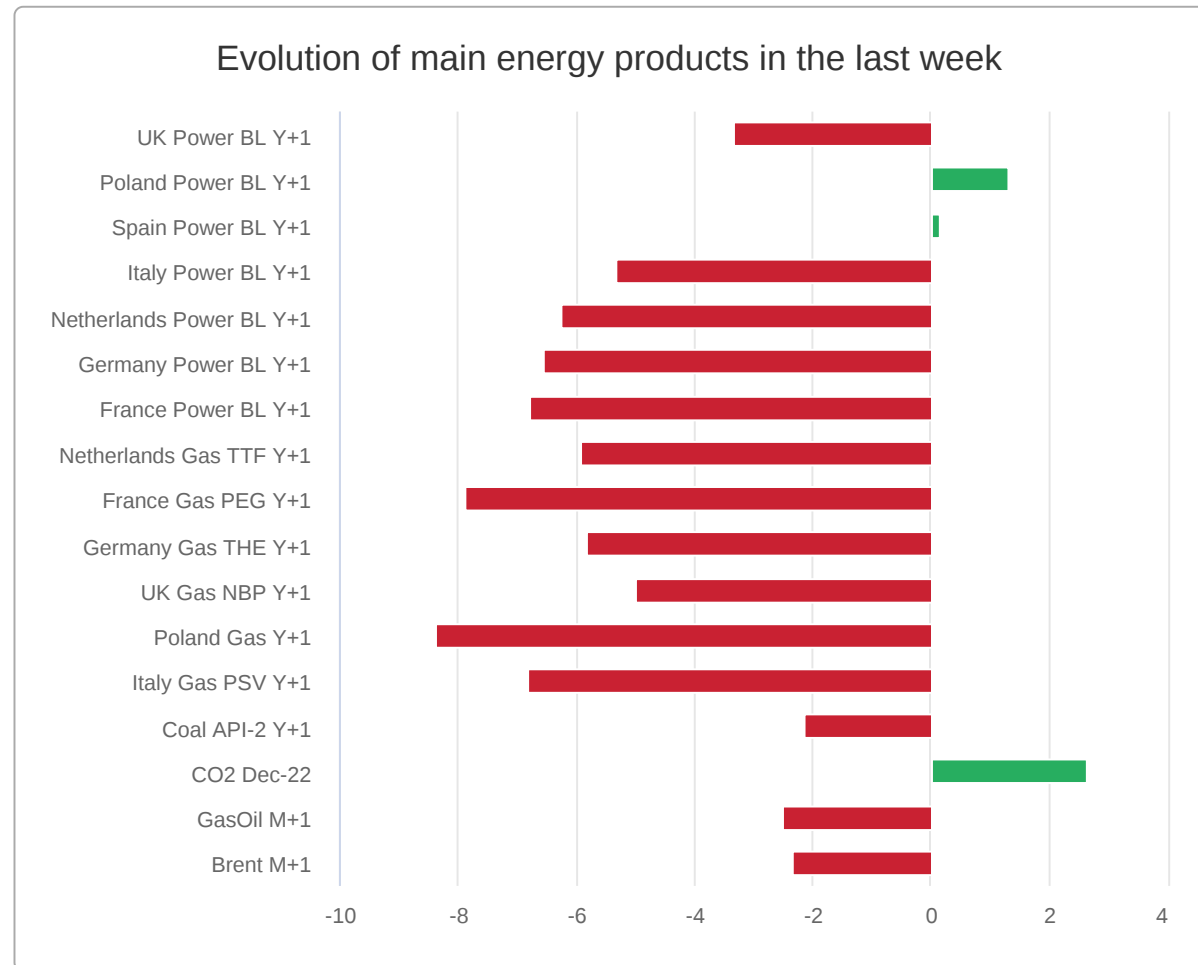
(Horizon 1 week)



Highlights

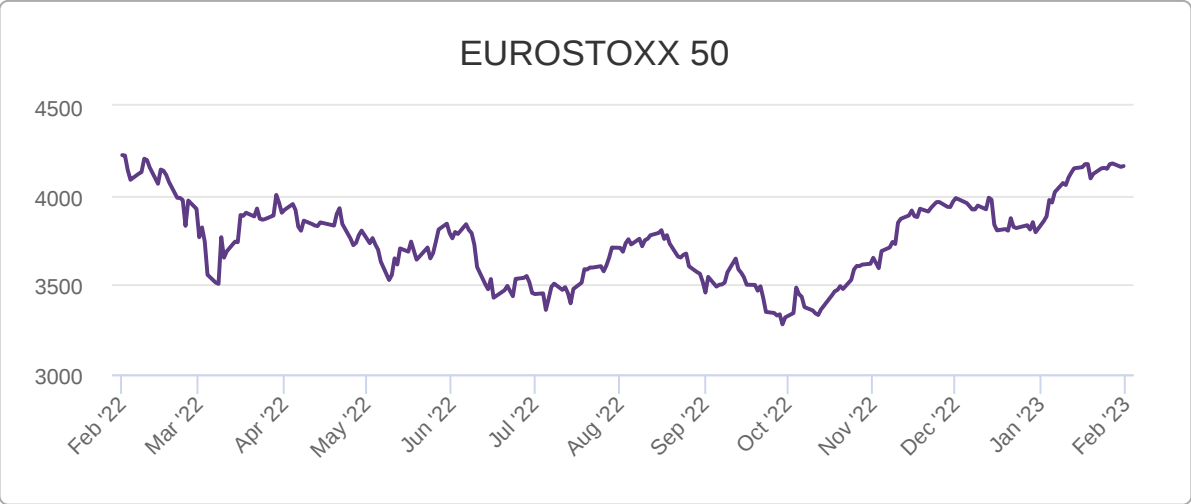
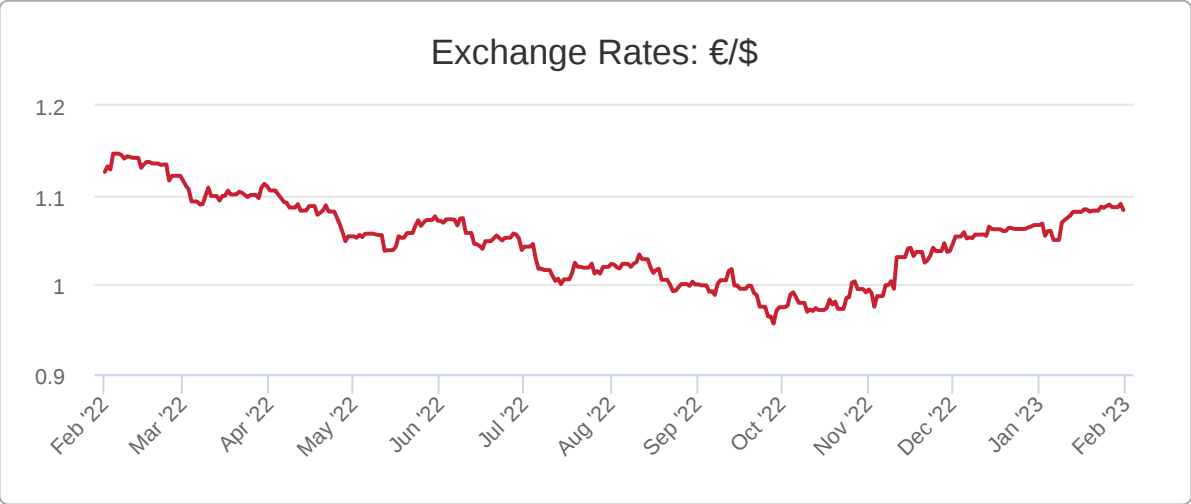
EVOLUTION OF MAIN ENERGY PRODUCTS IN THE LAST WEEK	
UK Power BL Y+1	▼ (-3.34%)
Poland Power BL Y+1	▲ (1.3%)
Spain Power BL Y+1	▲ (0.14%)
Italy Power BL Y+1	▼ (-5.32%)
Netherlands Power BL Y+1	▼ (-6.26%)
Germany Power BL Y+1	▼ (-6.54%)
France Power BL Y+1	▼ (-6.77%)
Netherlands Gas TTF Y+1	▼ (-5.92%)
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	▼ (-2.5%)
Brent M+1	▼ (-2.34%)

% Change Current Week vs Week-1



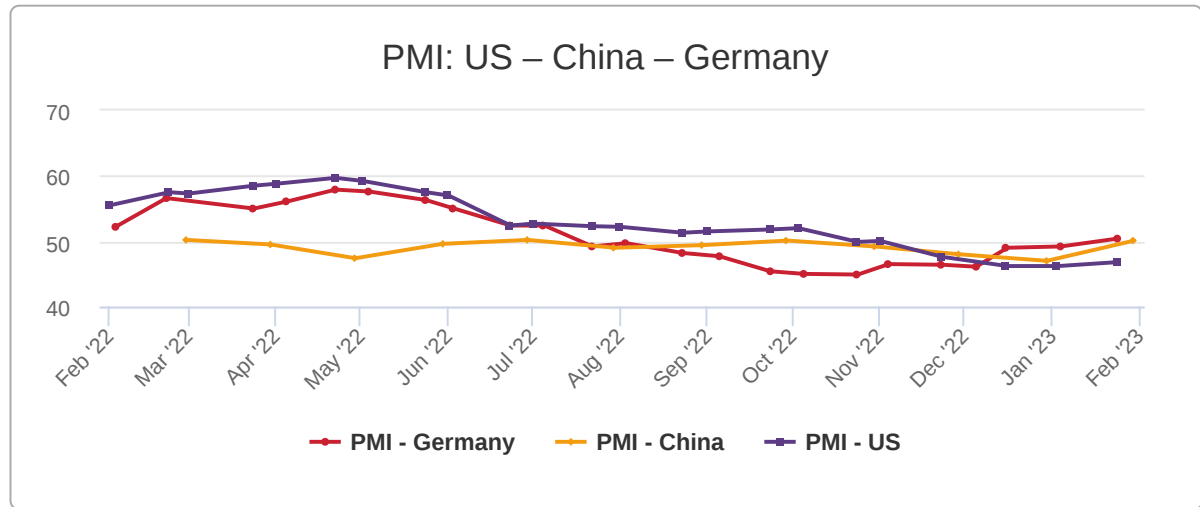
General Overview

✓ EUR/USD pair slipped on a weekly basis. The US Dollar increased due to a cautious approach to risk and slow growth in Treasury yields. The focus is on the GDP of the Eurozone and data from the US.



✓ 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





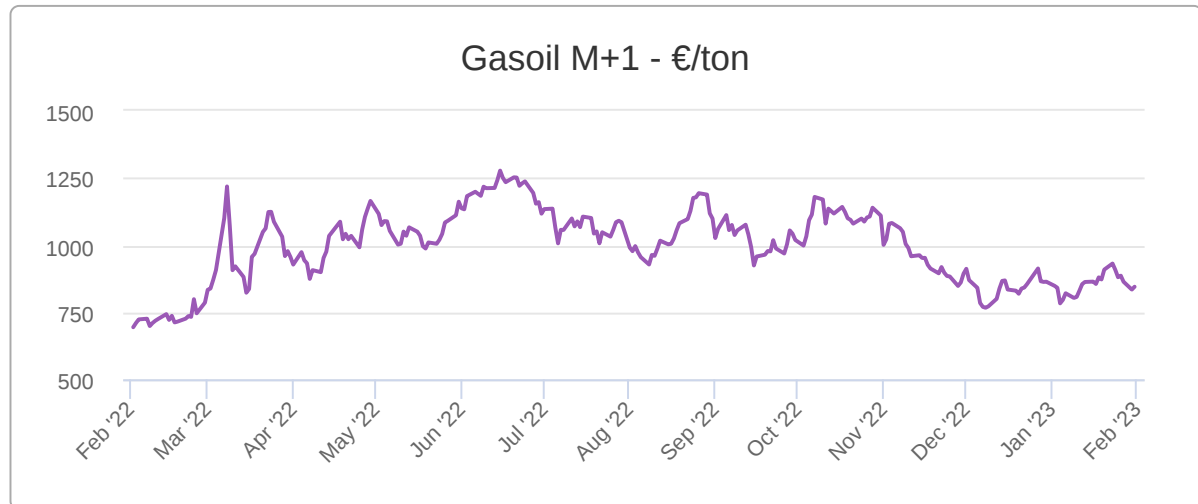
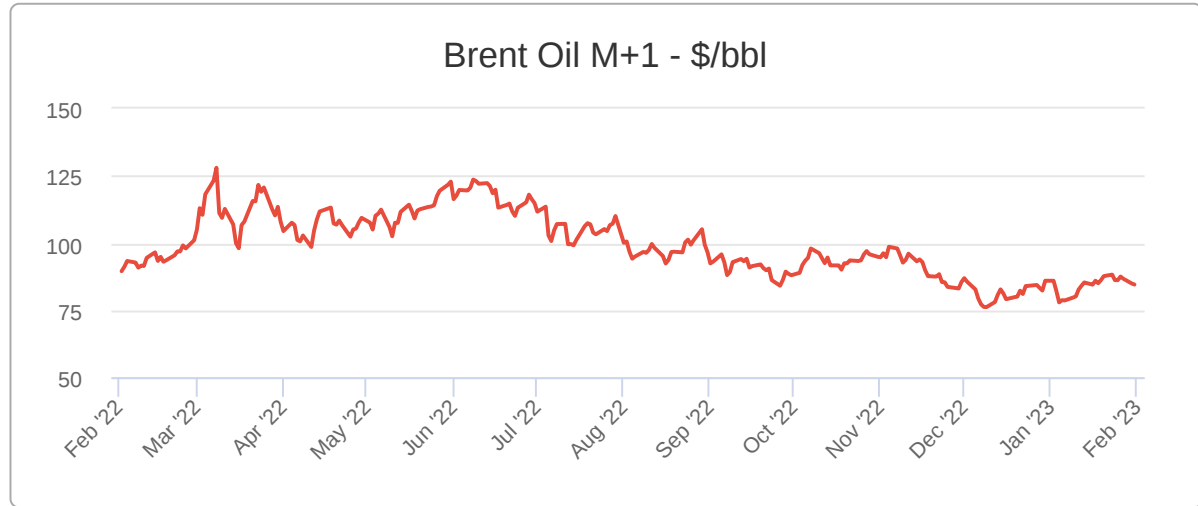
Oil

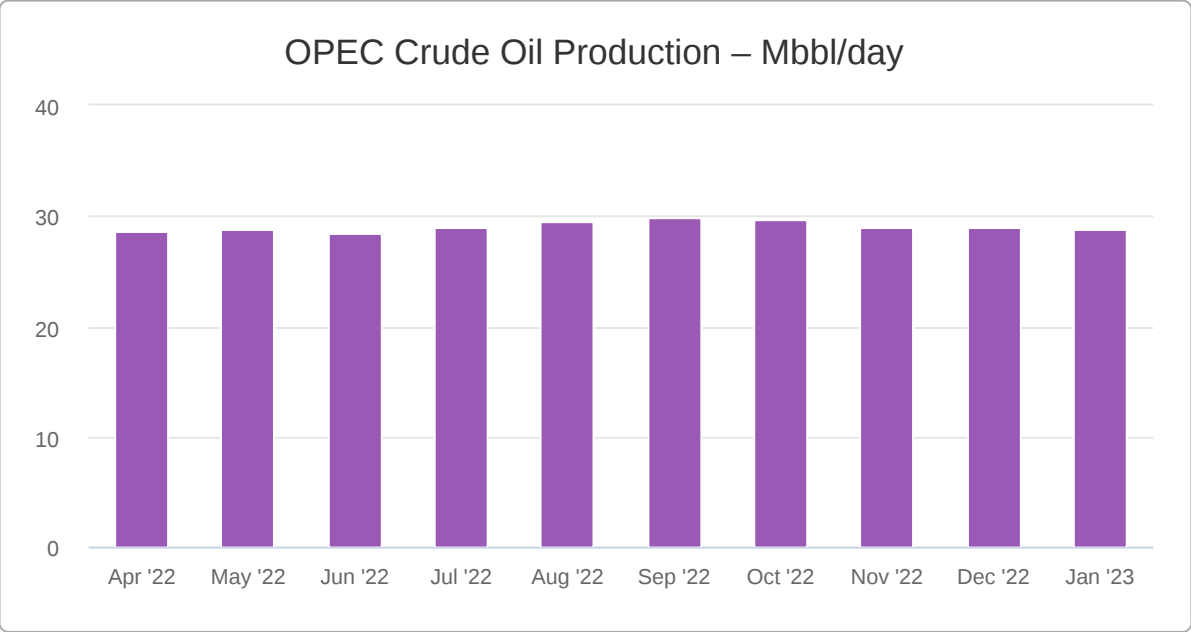
- ✓ Oil prices fell on a weekly basis, amid the possibility of additional interest rate increase and ongoing supply of Russian crude, which overcame the positive demand signals from China.

The Opec and its allies led by Russia, known as Opec+, are scheduled to meet tomorrow to determine future output policy. ING bank stated it doesn't anticipate any changes in policy "due to current market uncertainty."

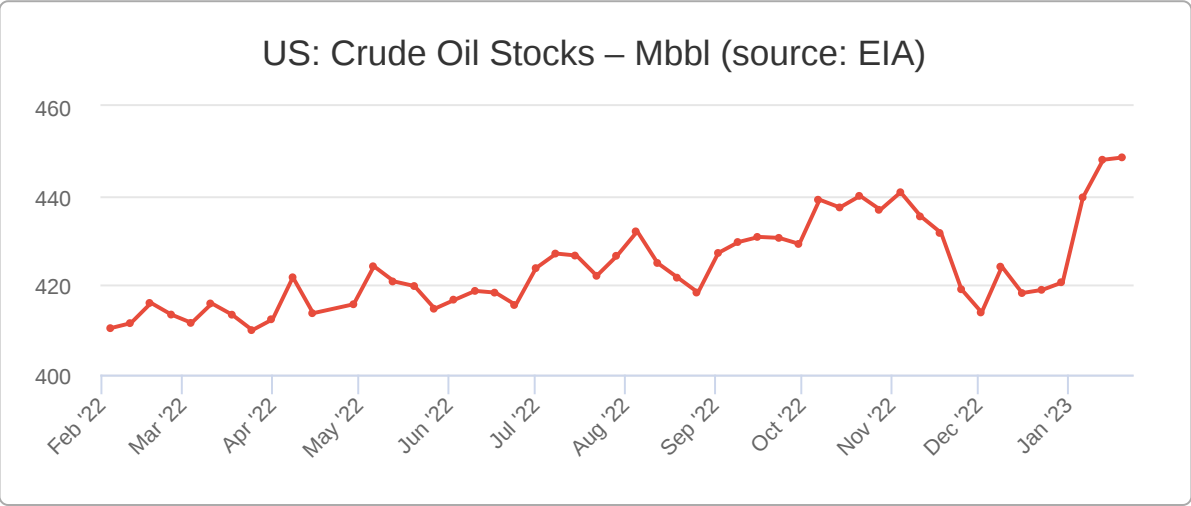
The EU sanctions on Russian crude are due to begin this week. However, the full effect will likely take some time to be noticed.

The anticipation of weaker economic growth is affecting crude oil, and despite positive signs of increased travel in China, sentiment remains unchanged. The data indicates 300 million trips were taken during the Lunar New Year holiday, equaling nearly 90% of travel prior to the pre-pandemic, according to China's Ministry of Tourism.





✓ Oil rigs in the United States declined by four units to 609 in the week ended Jan. 27, General Electric Co.'s Baker Hughes energy services firm said in its closely followed report on Friday.

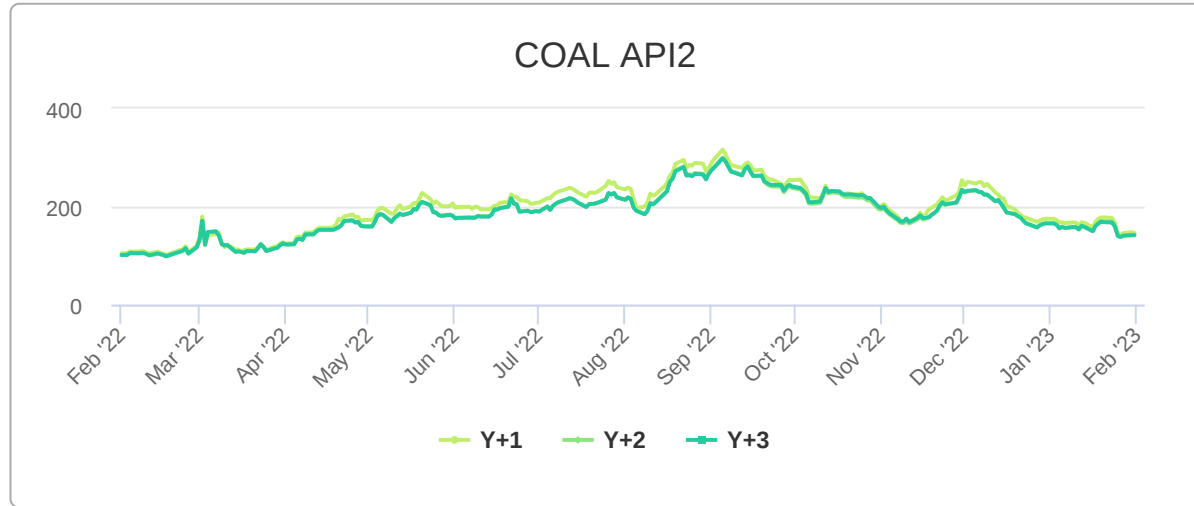


Coal & CO2

- ✓ European coal prices plummeted on a weekly basis amid sluggish demand and high stocks.

Coal inventory at four key Amsterdam, Rotterdam and Antwerp (ARA) dry bulk import terminals remained high, with an average of 6.3 million tons in January compared to 3.5 million tons in the same month last year, as estimated by Montel.

Northwest European countries' coal imports are estimated to reach 3.8 million tons this month, a decrease from 5.3 million tons in January 2022, according to DBX's estimates.



- ✓ European carbon prices climbed over the past week due to a stronger fuel market, ongoing compliance purchasing, and optimism regarding Germany's economy.

The rise in carbon prices was influenced by higher coal consumption in Germany, as the country aims to conserve gas in the power sector. Moreover, EUAs also benefited from compliance buying and a positive economic outlook.



Natural Gas

Natural Gas Storage Total EU 28

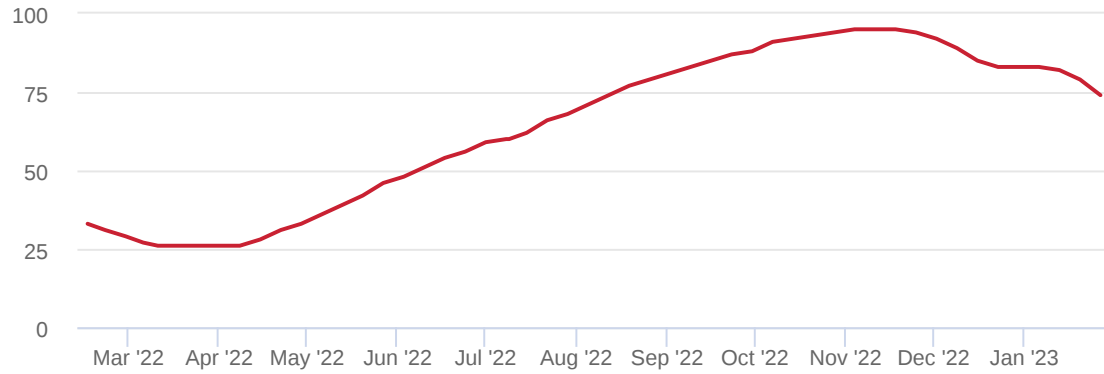
Date: 27.01.2023










Outlook:



Gas Storage Inventory in % (EU)



Natural Gas Storage

 United Kingdom	65%
 Germany	81%
 France	68%
 Spain	92%
 Portugal	98%
 Italy	73%
 Netherlands	70%



LNG Storage

LNG Storage Total EU 28

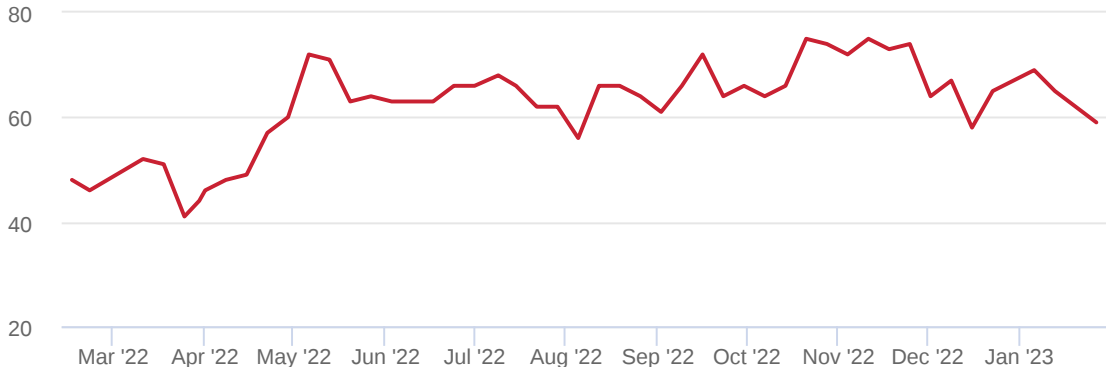
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Outlook:



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



LNG Storage

 United Kingdom	49%
 France	65%
 Spain	62%
 Portugal	70%
 Italy	47%
 Netherlands	42%



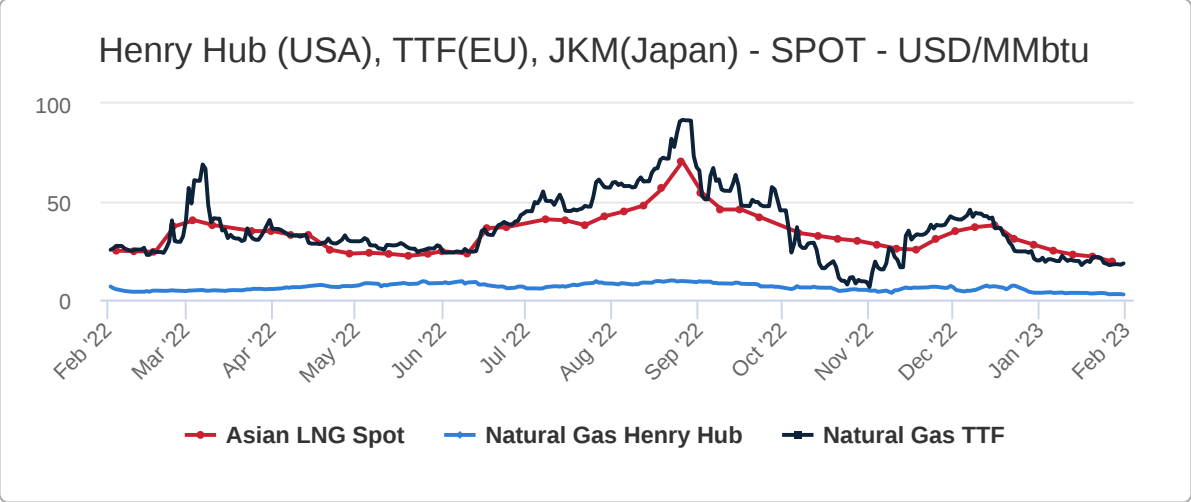
Henry Hub - TTF - JKM

✓ Asian spot liquefied natural gas (LNG) prices fell for the sixth week in a row amid muted demand, ample inventories and the Chinese New Year holidays.

Forecasts pointed to a rebound in Asian demand after the holiday season assuming the cold snap persists across northeast Asia.

US liquefied natural gas slightly decreased on weekly basis after hitting their lowest point since 2021 last week, following other global benchmarks lower during a warm winter.

Mild weather, a strong rebound in U.S. gas production to record levels over the last year and weaker energy supply overseas have pushed the U.S. benchmark lower.

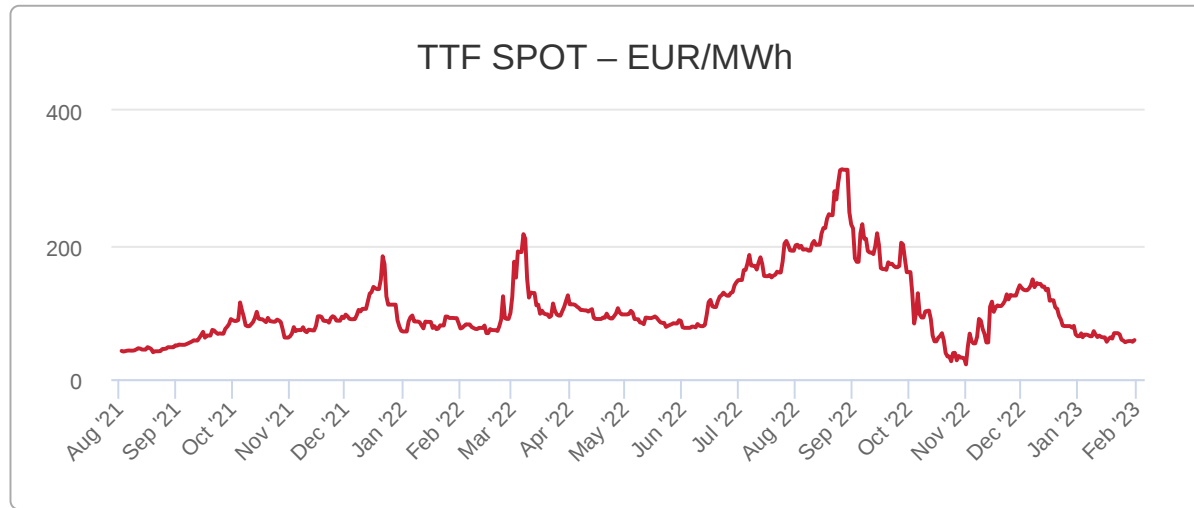


TTF

MARKET AVERAGE	PERIOD	PRICE €/MWH
Month M-12	February 22	80.5
Month M-1	January 23	62.6
Month M	February 23	0
Current Year	2023	62.6
Year Y-1	2022	121.1

- ✓ TTF spot price tumbled last week due to low demand amid mild weather. However, colder weather is expected next week.

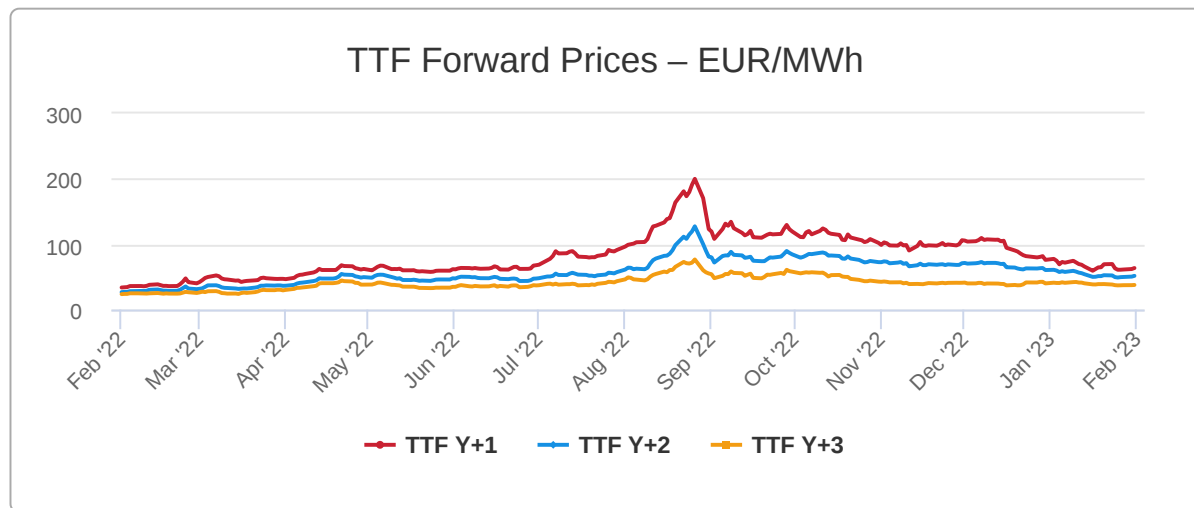
LNG arrivals are still at elevated levels. According to Kpler ship tracking data, LNG arrivals in Europe and Turkey this week will decrease to around 3.7bcm but are expected to increase to 4.1bcm next week.



SPREAD €/MWH	12-MONTH MOVING AVERAGE	LAST WEEK AVERAGE
TTF Y+2 vs Y+1	-24.2	-11.8
TTF Y+3 vs Y+1	-42	-25.3

- ✓ TTF gas prices decreased on a weekly basis amid relatively high storage levels, the prospect of more LNG deliveries and warmer weather.

ICE Exend, which is based in the Netherlands and operator of the world's most liquid trading venue for TTF natural gas futures, plans to amend its Rulebook to promote compliance with the MCM Regulation, effective from 15 February of current year, subject to completion of relevant regulatory processes.



Consequently, forbidding market participants from submitting orders to the exchange order book in TTF derivatives above the price cap when the correction mechanism is on, unless clients are eligible to make use of the exemptions granted in the Regulation.

European Gas

Spread vs TTF	12-Month moving average	Last Week average
PSV (IT)	2	-0.1
TRF (FR)	0	-10.8
NCG (GE)	-7.1	-2.6

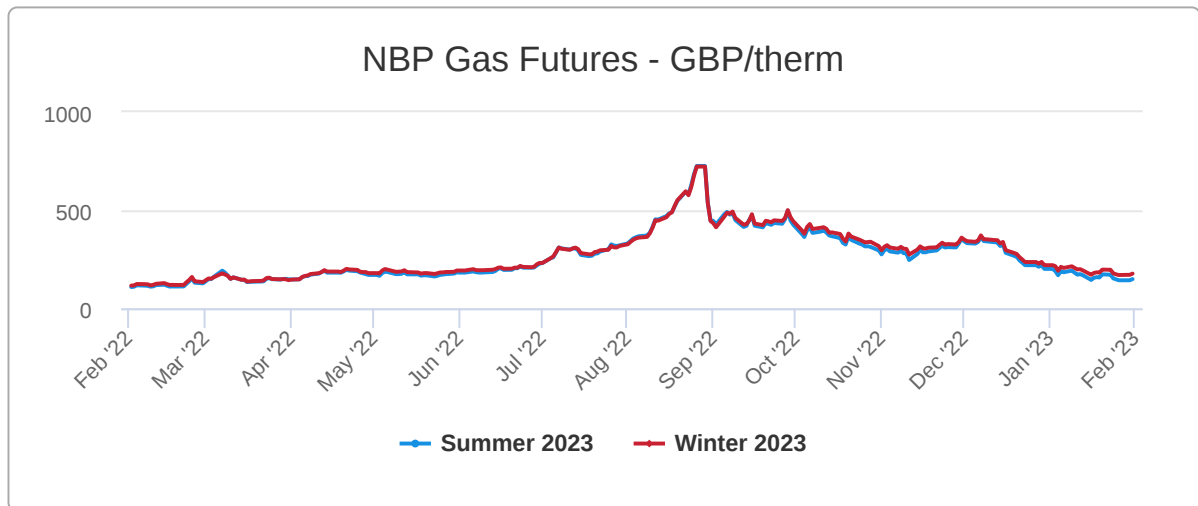
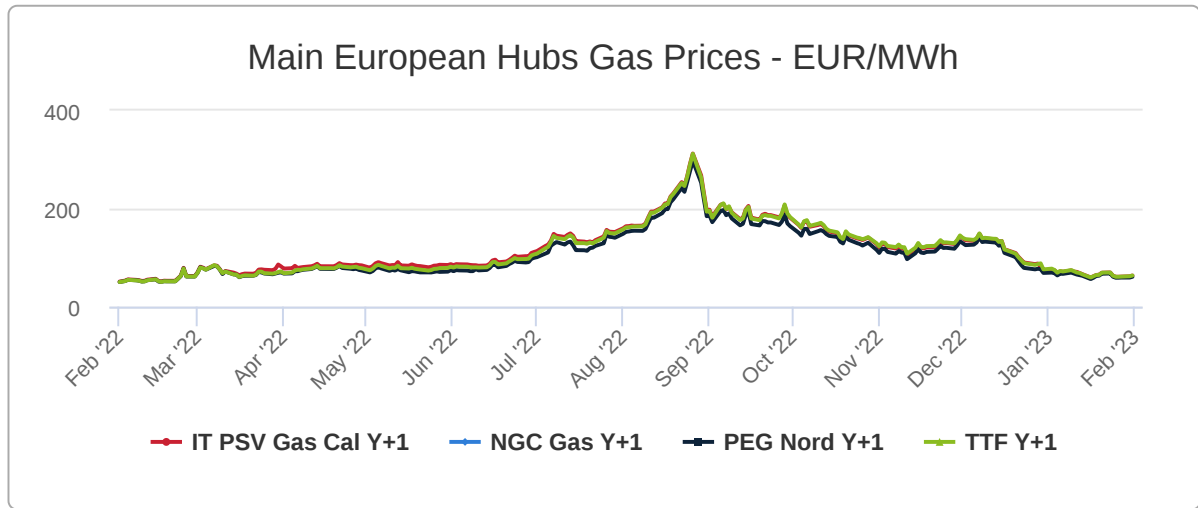
✓ According to Henning Gloystein, Director of Energy, Climate and Resources at Eurasia Group, the risk of gas shortages in Europe next winter has greatly decreased due to increased supply from non-Russian sources and lower consumption.

According to Gloystein, inventories are expected to be at least 60% of capacity by the end of March, an increase from 20% a year earlier.

European storage sites are 72% full, which is more than 30 percentage points higher than at the same time last year.

LNG shipments to Europe continue to be at elevated levels, with data showing Europe is on track to receive its second-highest volume of LNG this month.

The UK is set to receive at least 4 LNG cargoes this week, with the number rising to 11 over the next two weeks.



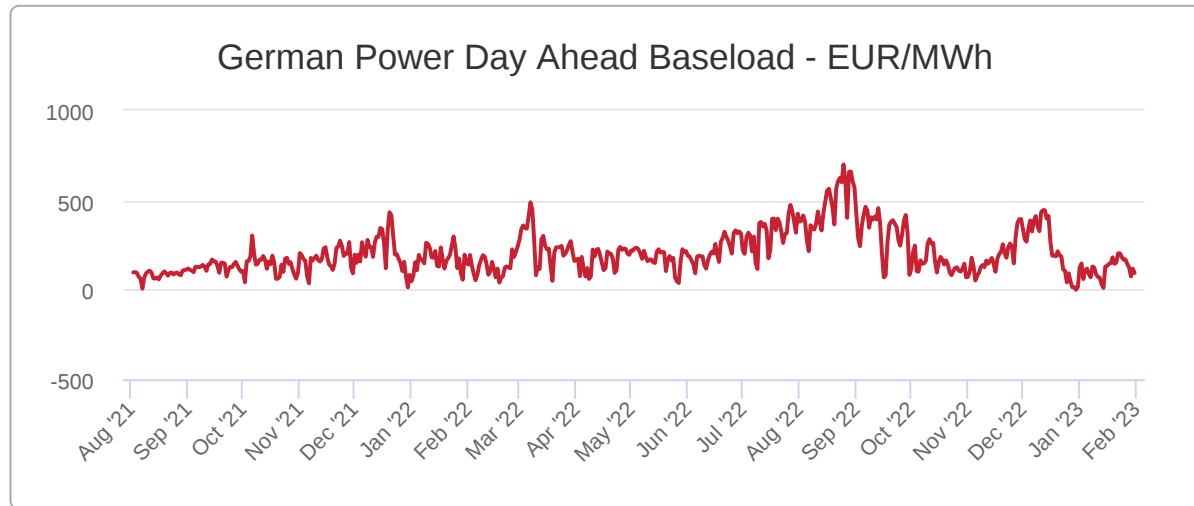
German Power

MARKET AVERAGE	PERIOD	PRICE €/MWH
Month M-12	February 22	132.1
Month M-1	January 23	120.4
Month M	February 23	
Current Year	2023	120.4
Year Y-1	2022	235.3

- ✓ The German day-ahead power price plummeted last week on expectations of an increase in wind generation above 40GW.

Average wind power generation could reach 41.8 GW on Wednesday, 5.1 GW higher on the day and 20.4 GW above normal, according to German weather service DWD. Other forecasts indicate that wind levels will rise from 37.4 GW today to 41.5 GW on Wednesday.

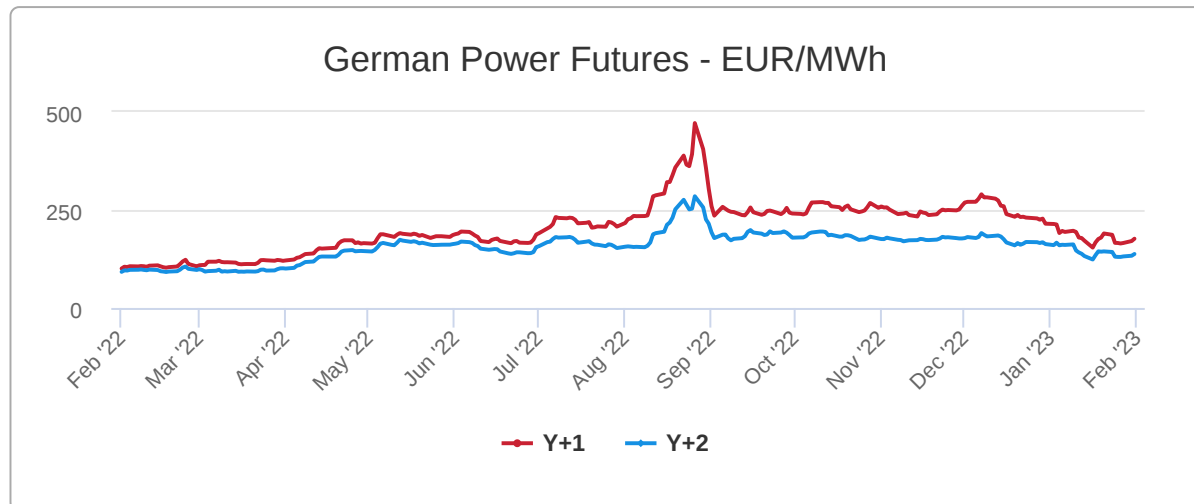
Power demand in Germany would slip by 0.1 GW to 63.9 GW on average, 0.9 GW above normal, with the peak demand edging down by 0.1 GW to 72.5 GW, according to EQ data. Temperatures are expected to rise 0.9C to 4.1C on average, 3C above the seasonal norm. Simultaneously, the combination of nuclear and lignite availability in Germany is expected to increase by 3.1 GW to reach 15.8 GW, or 72% of its operational capacity, according to data from EEX transparency.



SPREAD €/MWH	12-MONTH MOVING AVERAGE	LAST WEEK AVERAGE
GE BL Y+2 vs Y+1	-47.8	-38.3
GE BL Y+3 vs Y+1	-69.5	-55.1

- ✓ German power futures prices fell tracking weaker gas and coal markets.

It is a mix of fundamental and technical factors that are driving power today, the fresh weather forecasts coupled with some technical indicators in the wake of recent losses. According to data from Montel's Energy Quantified (EQ), Germany is expected to experience temperatures 2.4C above normal this week, however, the average may decrease to near normal levels later in the month and below average in the week starting February 27th.



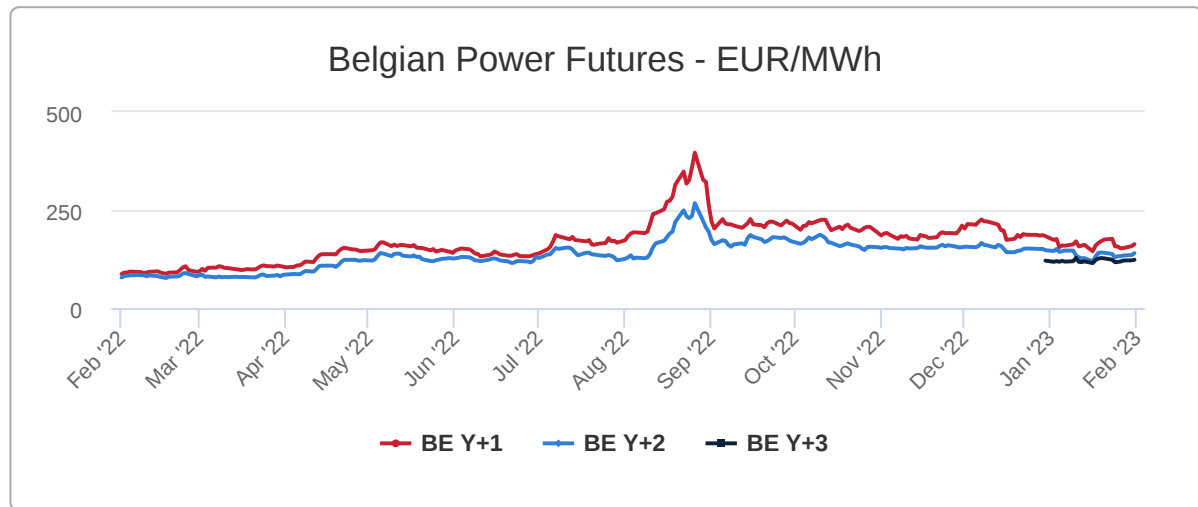
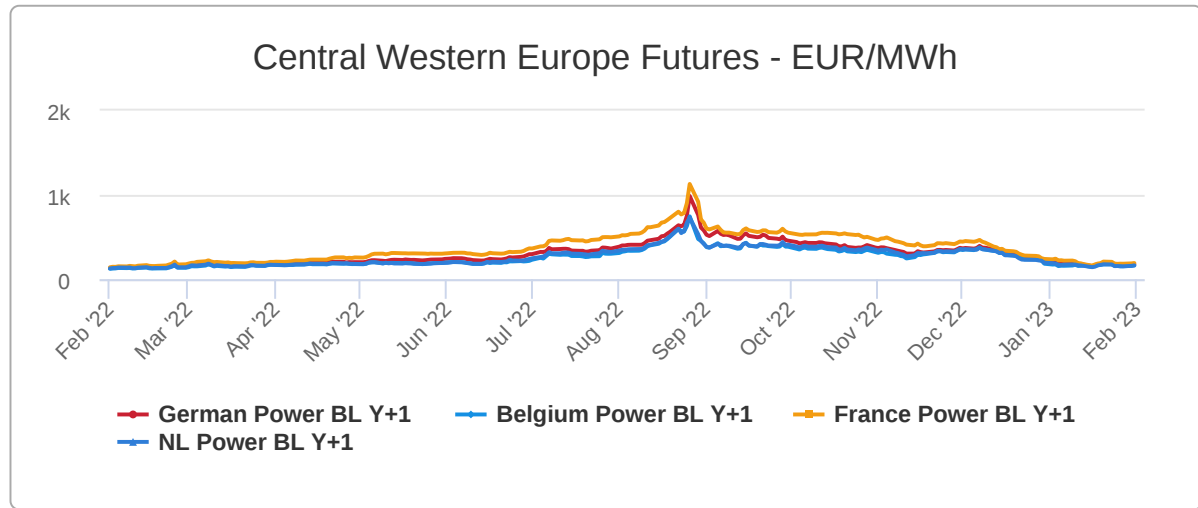
Central Western Europe

SPREAD VS GE POWER	12-MONTH MOVING AVERAGE	LAST WEEK AVERAGE
BE	-45.7	-14.3
FR	67.8	14.9
NL	-36.7	-13.3

✓ A 24-hour strike in France by power workers has cut utility EDF's power generation capacity by 4,317 MW, of which 2,280 MW is nuclear, according to data from utility on Tuesday.

The strike, due to pensions reform, is backed by France's main energy unions. The first 24-hour industrial action against the government plan had curbed France's power generation capacity by up to 9.2 GW on 19 January.

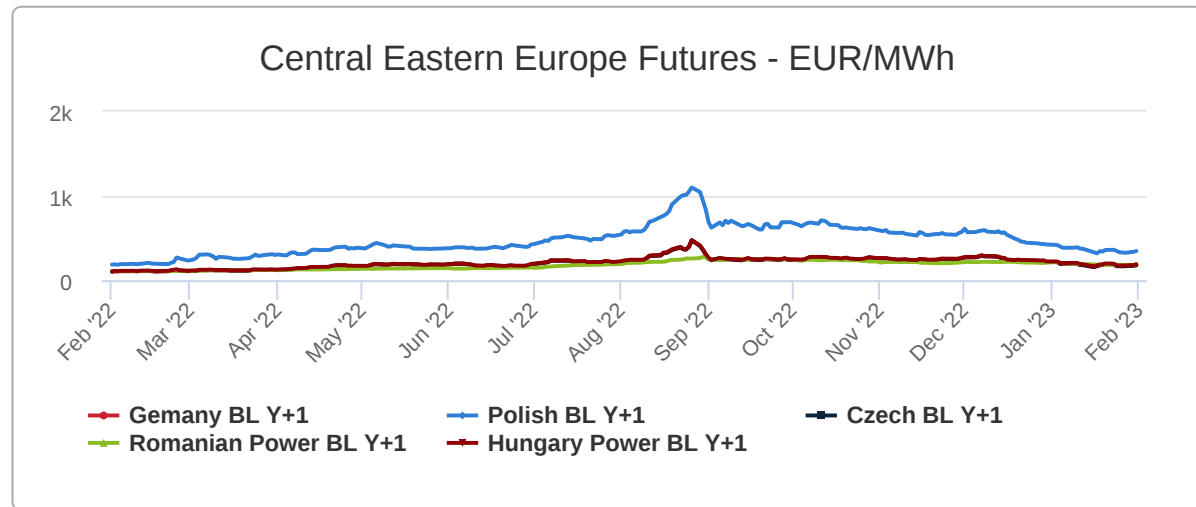
The Tihange 2 reactor in Belgium is being permanently shut down after 40 years of operation, making it the second nuclear reactor to shut down in the country. The shutdown of Tihange 2 is expected to decrease the country's nuclear energy generation capacity, potentially affecting energy supply and prices.



Central Eastern Europe

SPREAD VS GE POWER	12-MONTH MOVING AVERAGE	LAST WEEK AVERAGE
Polish BL Y+1	267.8	167.7
Czech BL Y+1	2.1	1.8
Romanian Power BL Y+1	-25.6	13.4
Hungarian Power BL Y+1	6.2	9.6

- ✓ Two hydropower facilities will be built on the Danube, as agreed upon by Romania and Bulgaria. Within the following five to six years, they should start operating. The facilities will be built by Hidroelectrica in Romania. A feasibility study is already available for one of the projects, which has 840 MW capacity. Next month, the two countries should sign a memorandum of cooperation.



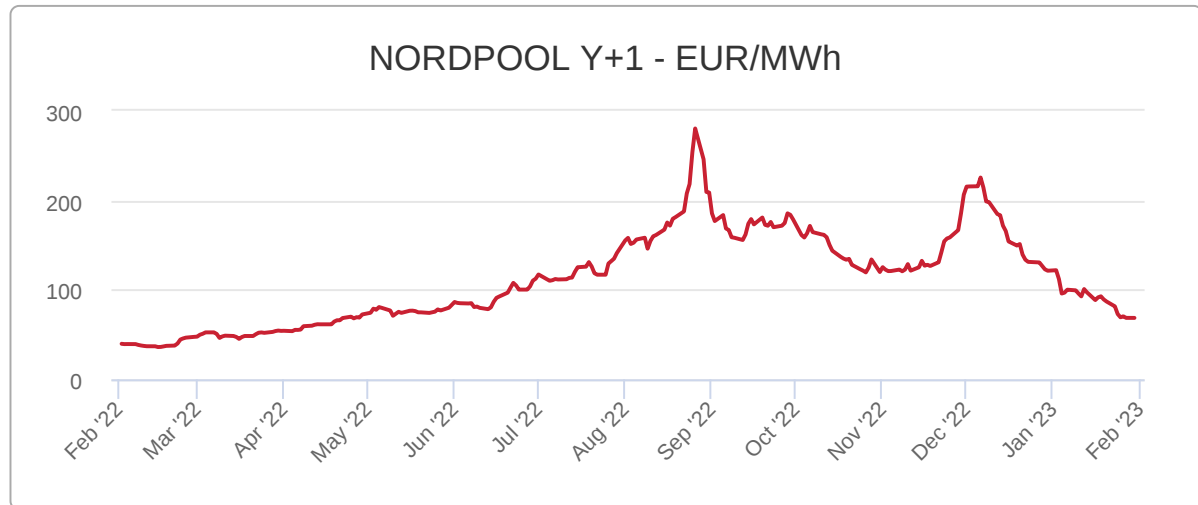
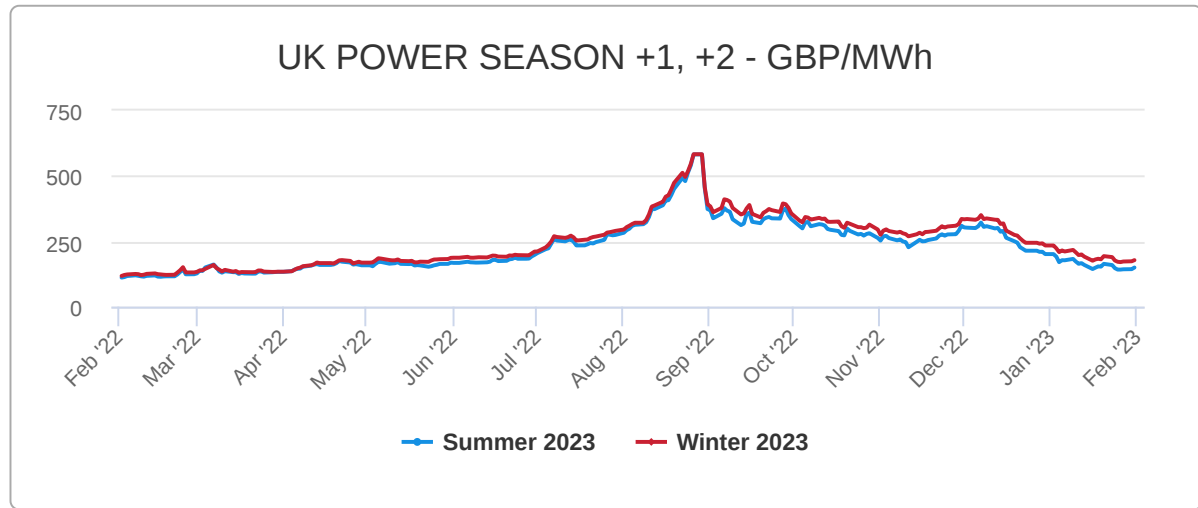
Following Ukraine request to the 27-nation EU to include Russian state nuclear energy company Rosatom in sanctions, Hungary, which has a Russian-built nuclear plant has blocked that, as it plans to expand with Rosatom.

UK - Nordpool

✓ A power cable linking Britain and France has been used at maximum capacity for the first time since a fire shut it down in 2021.

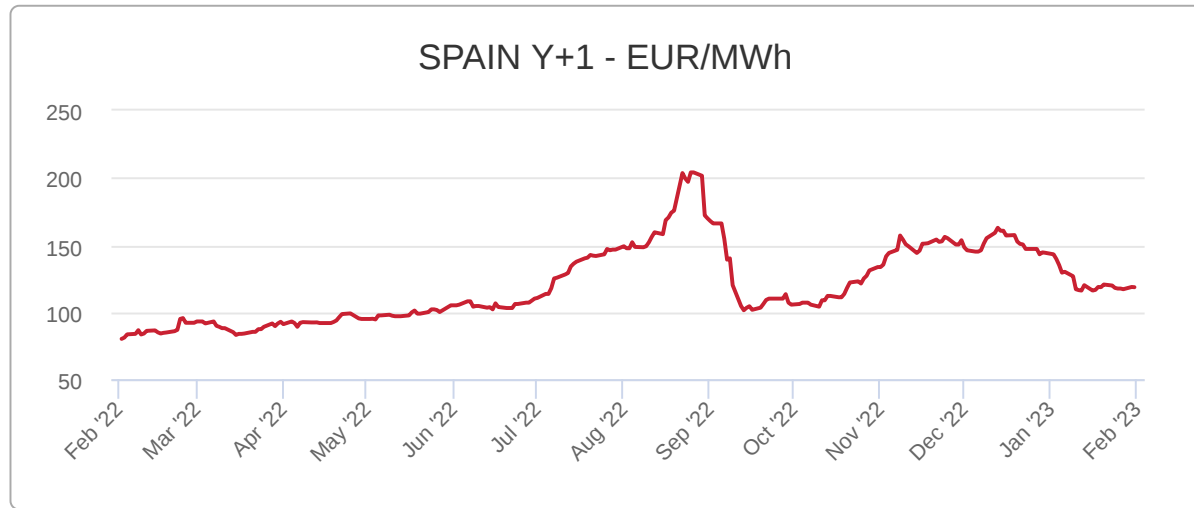
The cable's return is good news to the countries' power supplies in the middle of winter, even though the season has so far seen relatively mild weather.

The IFA-1 interconnector imported at about 2,000 megawatts on Saturday and exported at that level on Monday morning, according to data compiled by Bloomberg.

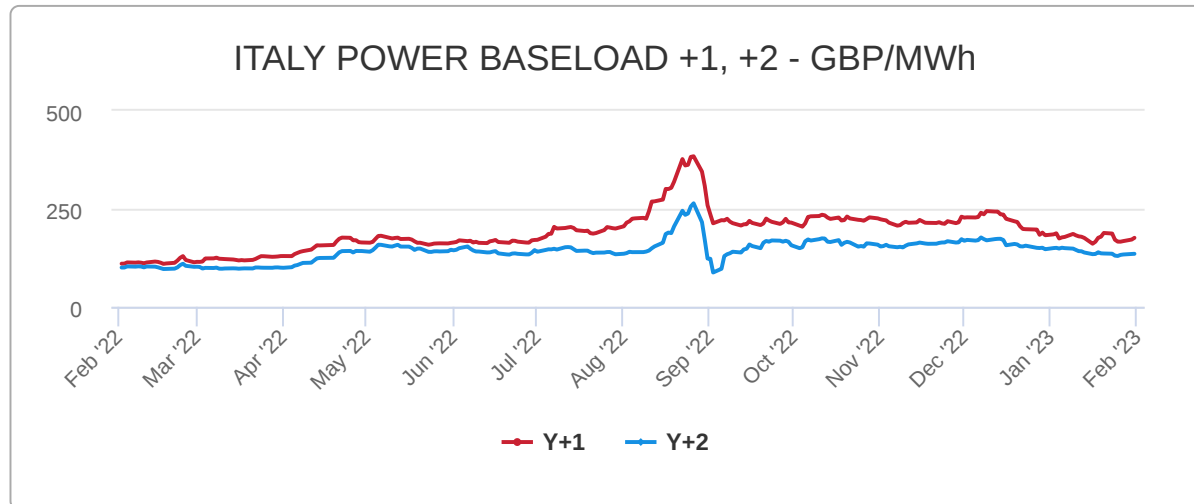


Electricity Spain - Italy

- ✓ The power company Iberdrola has launched its first solar community in Valencia City. 233 panels with a total power of 105 kilowatts have been installed, covering on average 170 homes with 100% renewable and low-cost energy.

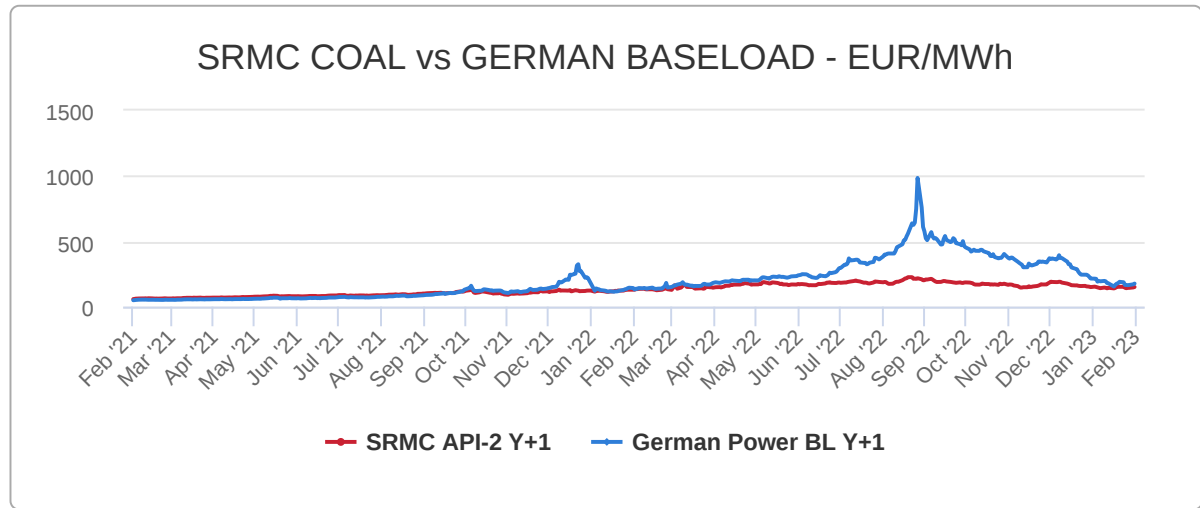


- ✓ Italy signed a gas deal with Libya this weekend as Italian Prime Minister Giorgia Meloni visited the North African country for talks on energy concerns. The two companies claimed that they will invest \$8 billion in gas development, as well as in solar power and carbon capture.



Short Range Marginal Cost

SPREAD SRMC	12-MONTH MOVING AVERAGE	LAST WEEK AVERAGE
Coal API-2 vs German Power Baseload Y+1	-132.5	-24.8
Gas THE Y+1 vs German Power Peakload Y+1	-286.5	-158.5



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

