

# Last Week at a Glance

Week 8, 2023



BRENT M+1

**83.05 \$/bbl**

Oil prices rose due to increasing Chinese demand.

**Outlook:**

(Horizon 1 week)



GAS TTF Y+1

**54.79 €/MWh**

TTF gas prices tumbled amid milder weather and ample supply levels.

**Outlook:**

(Horizon 1 week)



POWER GE Y+1

**152.55 €/MWh**

German power futures prices declined in line with flagging gas prices.

**Outlook:**

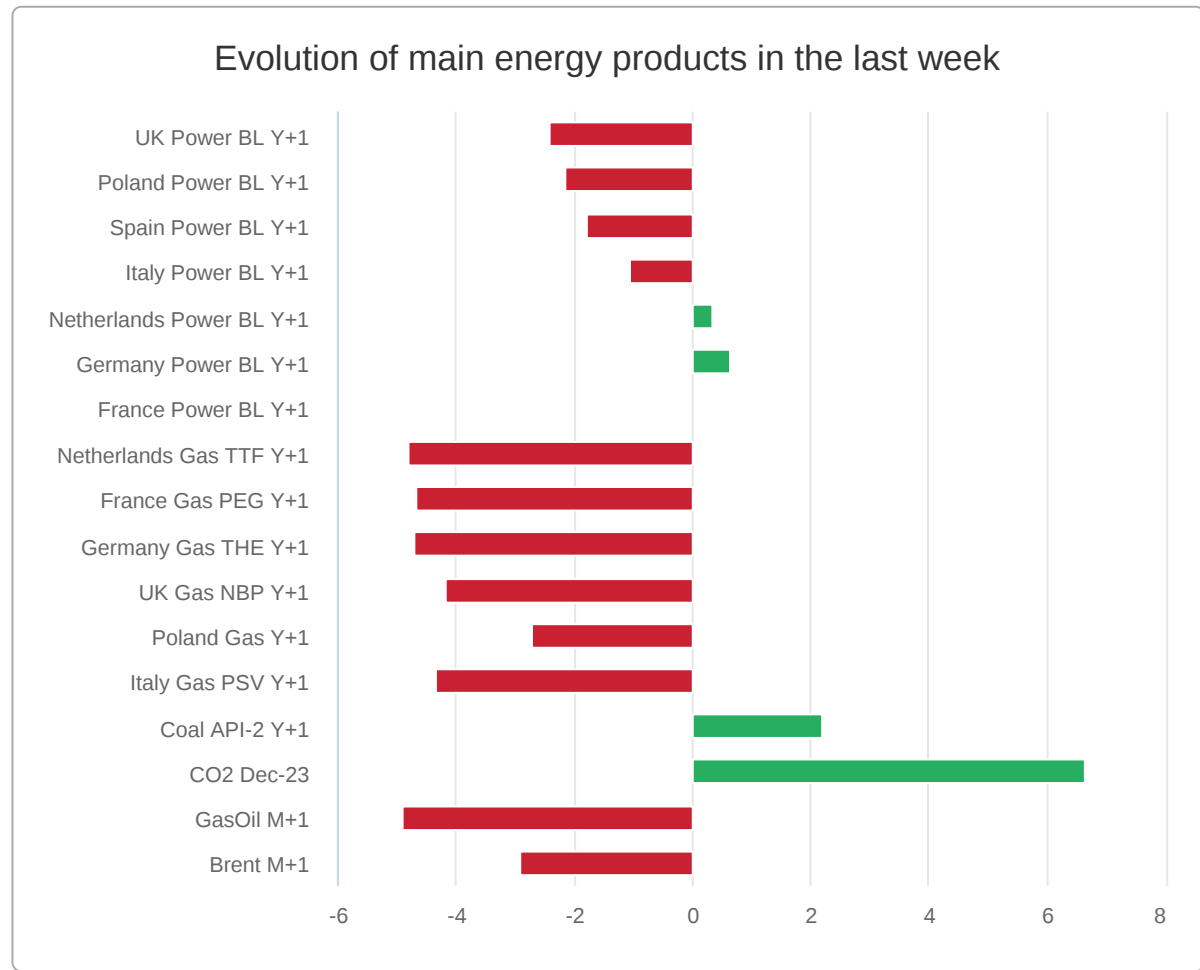
(Horizon 1 week)



## Highlights

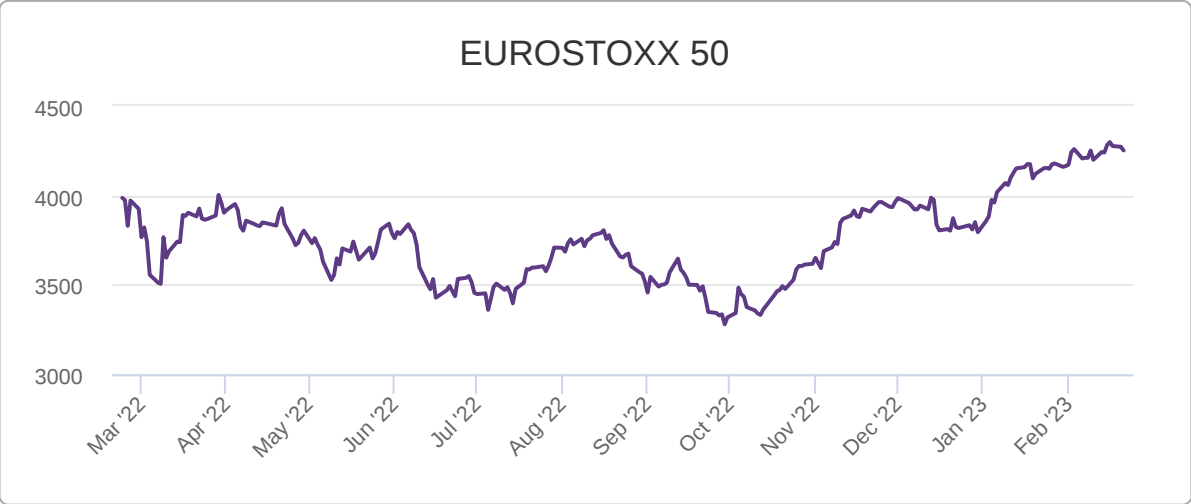
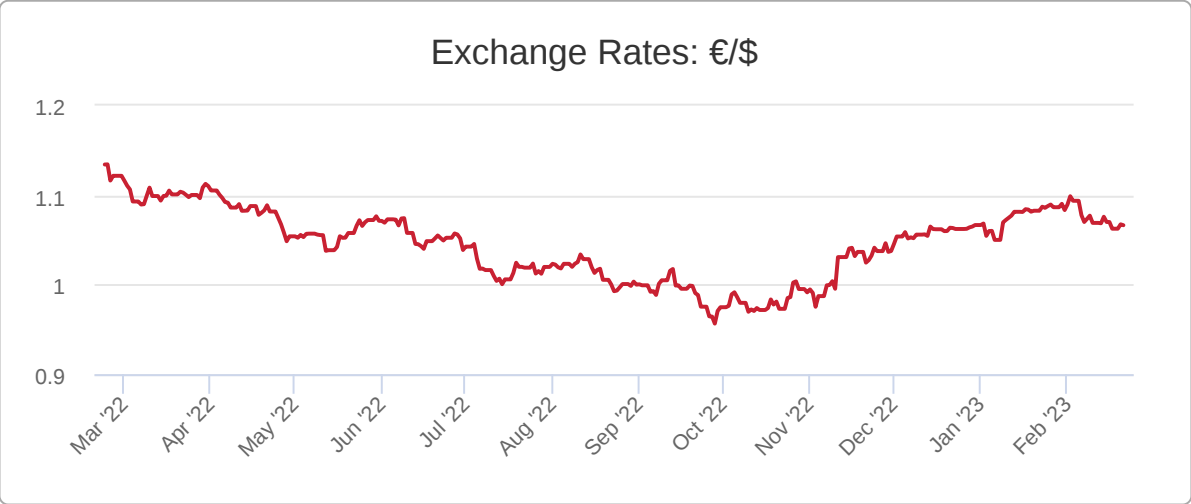
EVOLUTION OF MAIN ENERGY PRODUCTS IN THE LAST WEEK	
UK Power BL Y+1	▼ (-2.42%)
Poland Power BL Y+1	▼ (-2.15%)
Spain Power BL Y+1	▼ (-1.79%)
Italy Power BL Y+1	▼ (-1.06%)
Netherlands Power BL Y+1	▲ (0.32%)
Germany Power BL Y+1	▲ (0.64%)
France Power BL Y+1	▲ (0.02%)
Netherlands Gas TTF Y+1	▼ (-4.81%)
France Gas PEG Y+1	▼ (-4.67%)
Germany Gas THE Y+1	▼ (-4.69%)
UK Gas NBP Y+1	▼ (-4.17%)
Poland Gas Y+1	▼ (-2.73%)
Italy Gas PSV Y+1	▼ (-4.34%)
Coal API-2 Y+1	▲ (2.19%)
CO2 Dec-23	▲ (6.65%)
GasOil M+1	▼ (-4.89%)
Brent M+1	▼ (-2.93%)

% Change Current Week vs Week-1



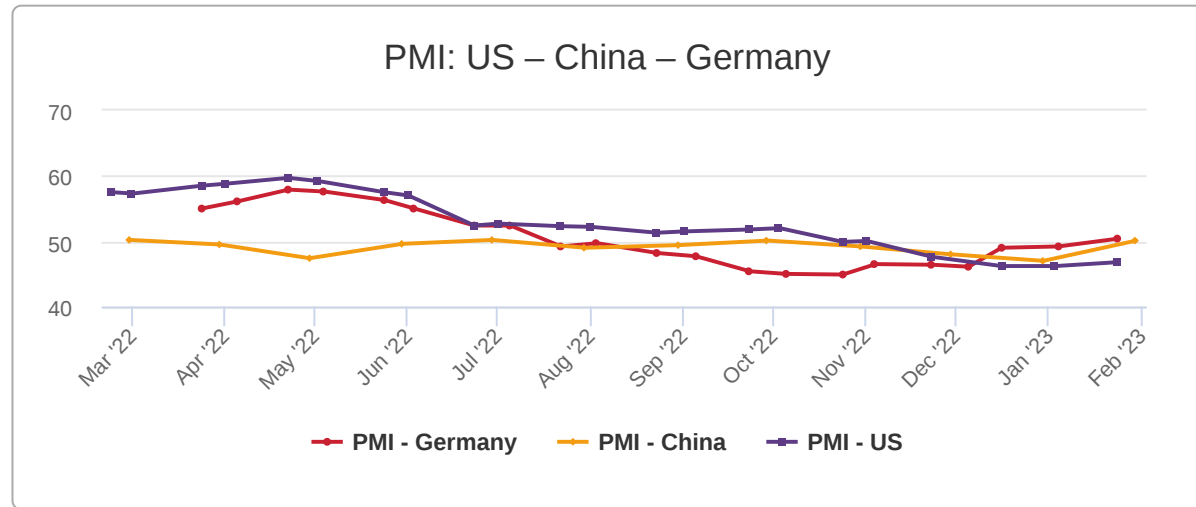
# General Overview

✓ EUR/USD slipped on a weekly basis. The U.S. dollar slightly increased, as investors are awaiting additional economic indicators related to the strength of the American economy and the Federal Reserve's expected policy response.



✓ 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



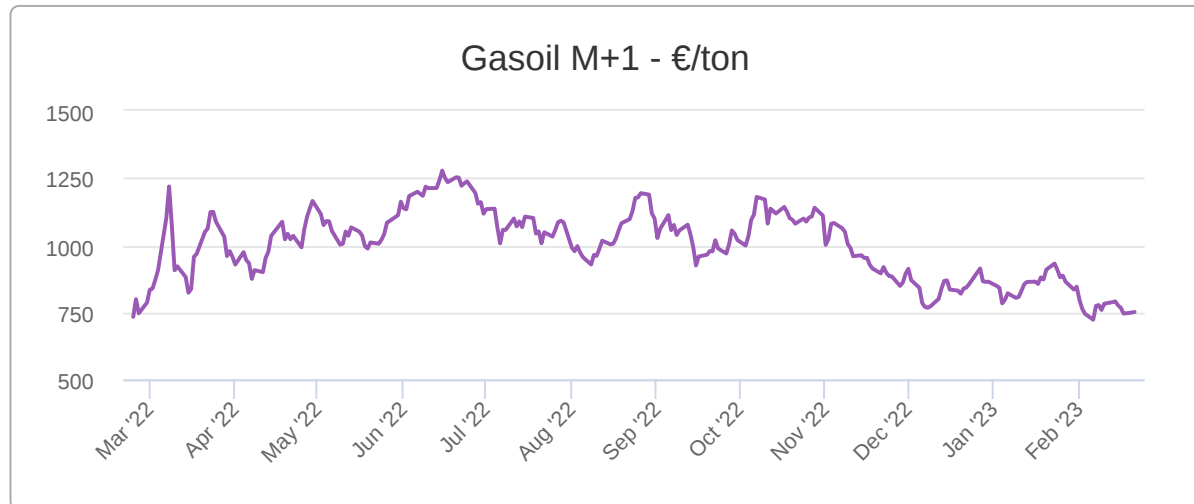
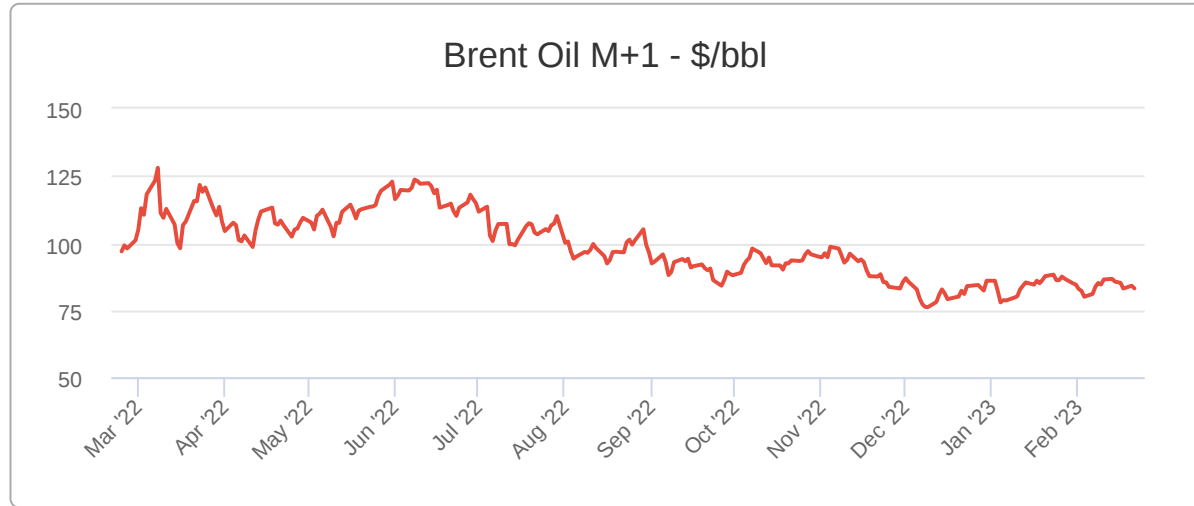


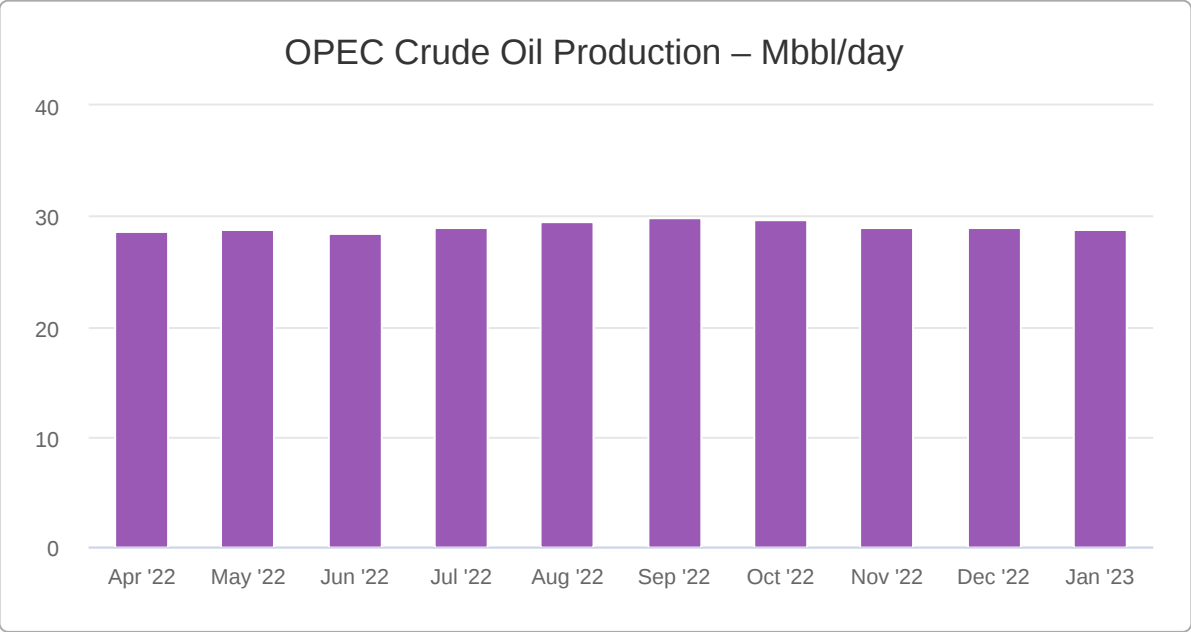
✓ Despite signs of potential further rate hikes increase by the US central Bank, oil prices rose due to increasing Chinese demand.

Inflation is still too high, and the US and UK's still-strong labor markets suggest that output gaps are not closing in a way that would meaningfully lower inflation, according to a note from Australia's ANZ bank. The US consumer price index for January increased by 6.4% year over year.

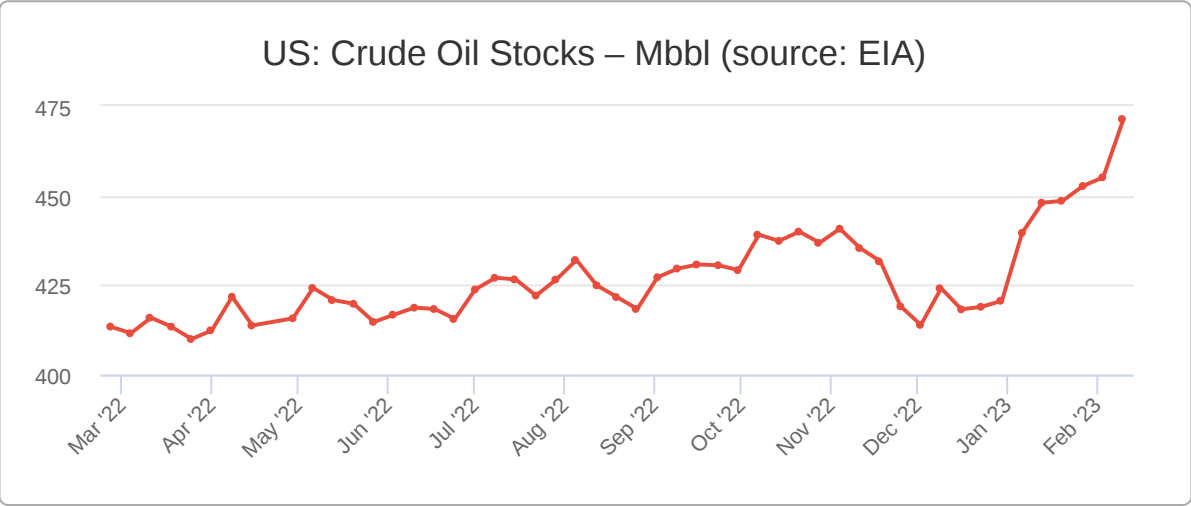
Consumption from China, the world's largest crude importer, which has resumed business following the Covid-19 outbreak, might "push global oil demand to a record high," outweighing US supply glut.

According to previous predictions from the International Energy Agency, the world's oil production would outpace demand in the first half of the year before fast shifting the other way, with the latter expected to reach a new peak in the second semester.





✓ The number of oil rigs in the United States fell by two, on a weekly basis, to 607 in the week ending February 17, as revealed by the Baker Hughes rig count data released on Friday. On a yearly basis, oil rigs were up by 87.



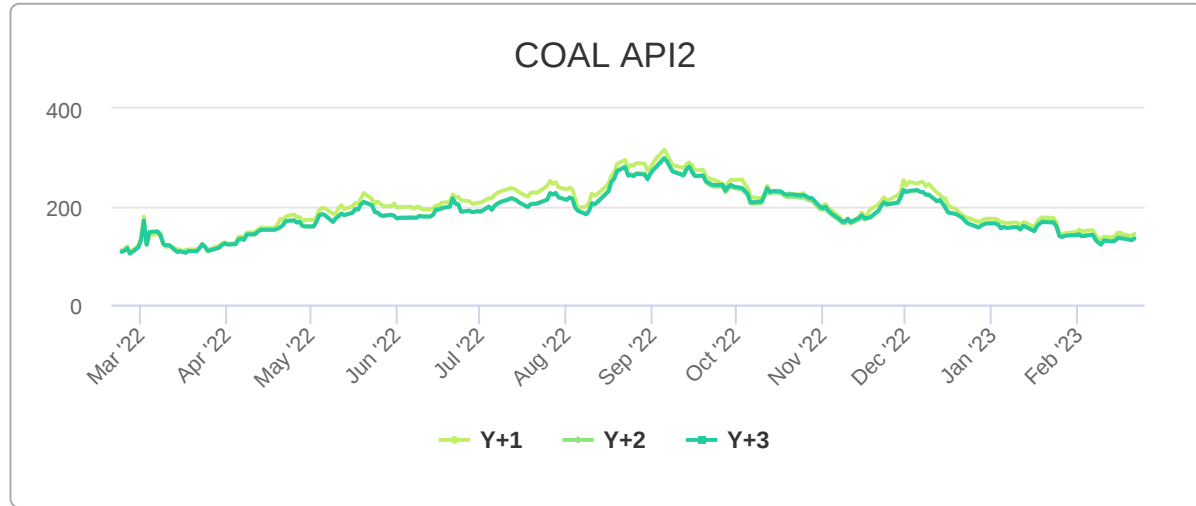
## Coal & CO2

- ✓ European coal prices edged up amid colder short-term forecasts and weaker stocks.

Combined coal stocks Amsterdam, Rotterdam and Antwerp (ARA) were seen last week at around 5.7m tonnes, which marked their lowest level since October last year, according to Montel.

Northwest Europe was estimated to import 4.2m tonnes of thermal coal this month, in comparison to 4m tonnes in January, according to DBX data.

Europe remained well-supplied with coal due to the region's ability to find alternatives to Russian supply after the EU banned the country's coal imports during the summer due to the conflict in Ukraine.



- ✓ European carbon prices jumped to a fresh all-time high amid speculative trading interest and strong technical signals.

Fundamental support from compliance purchasing, a recent agreement on important market changes and forecasts for colder weather also contributed to the rise.

The recent decline in gas prices may also have contributed to the rise, by releasing more money from industrials to purchase EUAs.



# Natural Gas

## Natural Gas Storage Total EU 28

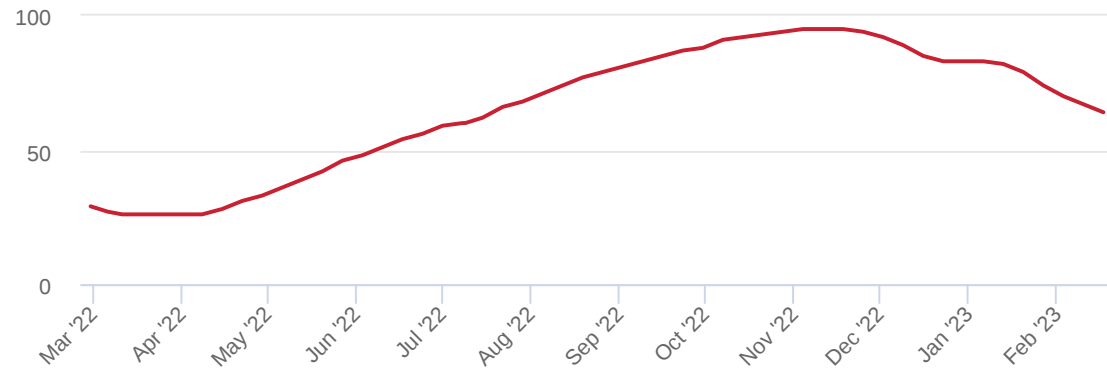
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Outlook:



## Gas Storage Inventory in % (EU)



## Natural Gas Storage

 United Kingdom	51%
 Germany	72%
 France	49%
 Spain	85%
 Portugal	98%
 Italy	64%
 Netherlands	64%





# LNG Storage

## LNG Storage Total EU 28

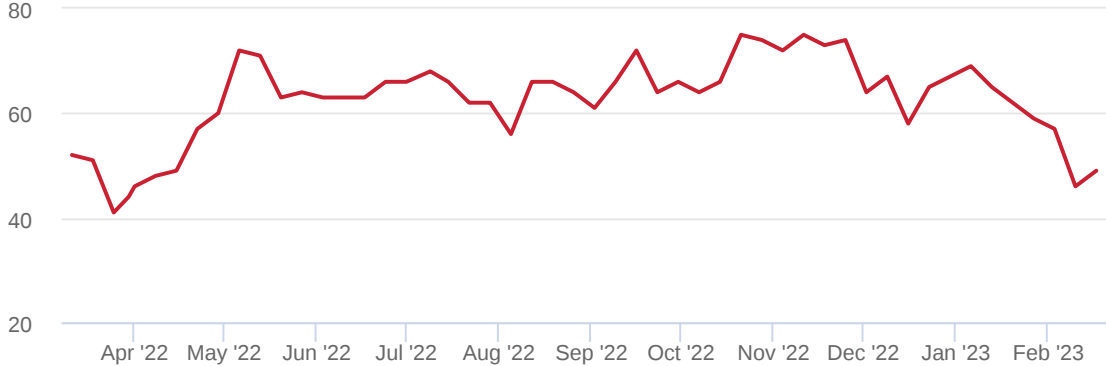
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Outlook:



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



## LNG Storage

 United Kingdom	49%
 France	47%
 Spain	47%
 Portugal	55%
 Italy	62%
 Netherlands	51%



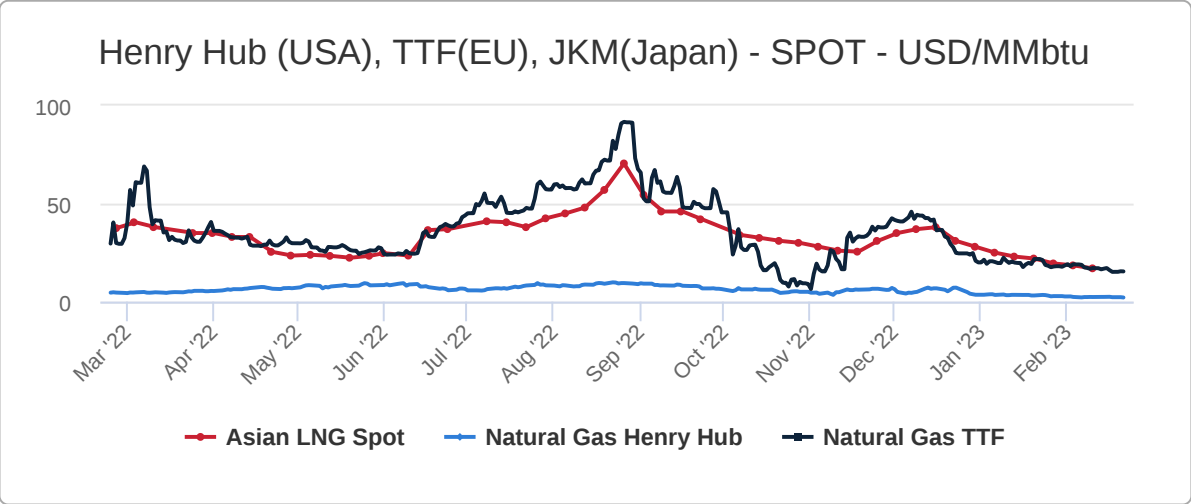
# Henry Hub - TTF - JKM

✓ Asian spot liquefied natural gas (LNG) prices fell amid high inventory levels and low demand which has decreased by more than 40% since the beginning of the year.

“While there has been some buying activity, overall demand is still considered weak,” according to Lee Rou Urn, Asia head of LNG pricing at Argus Media.

In the hopes that North America can assist in securing sufficient gas supplies for Europe ahead of the upcoming winter, the EU is encouraging US LNG companies to participate in the bloc's unified gas procurement platform.

According to calculations by Reuters, at least three proposed U.S. liquefied natural gas (LNG) export plants have probably found enough buyers to win financial approvals this year, making the nation the world's largest LNG exporter for years to come.



# TTF

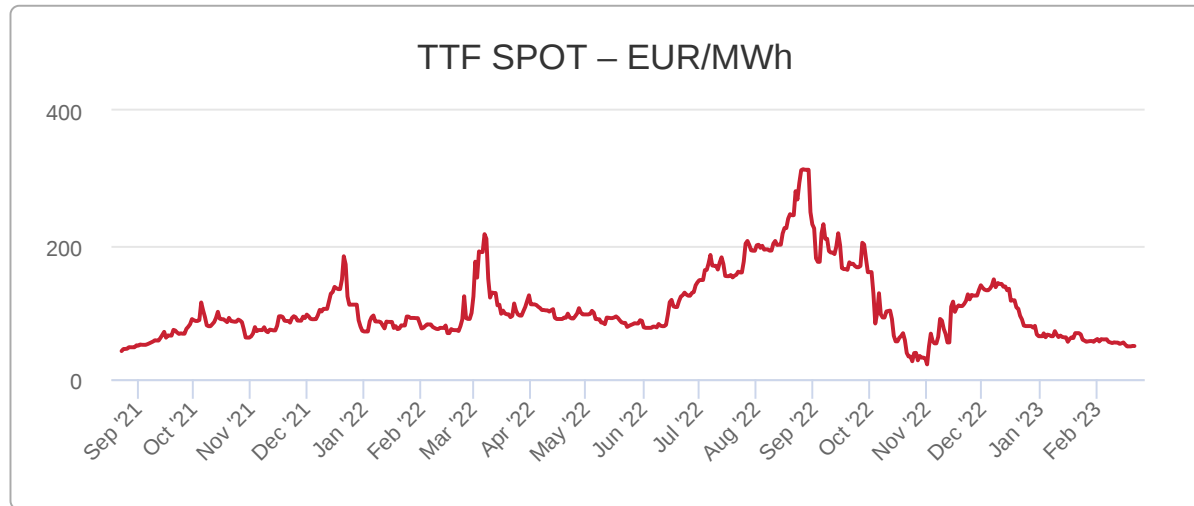
MARKET AVERAGE	PERIOD	PRICE €/MWH
Month M-12	February 22	80.5
Month M-1	January 23	62.5
Month M	February 23	54.2
Current Year	2023	59.2
Year Y-1	2022	121.1

- ✓ TTF spot price decreased amid temperatures above seasonal norm and healthy wind generation.

LNG imports to Europe and Turkey rose by 31% last week to a nine-week high of 4.2 bcm, data from Kpler showed.

Last week saw the highest LNG imports since the week of 12th of December when 4.3 billion cubic metres arrived in Europe.

Another 44 vessels with nearly 4.2 billion cubic metres are on their way or waiting to be unloading, although the final destinations, timing and volumes could still change, according to Kpler.

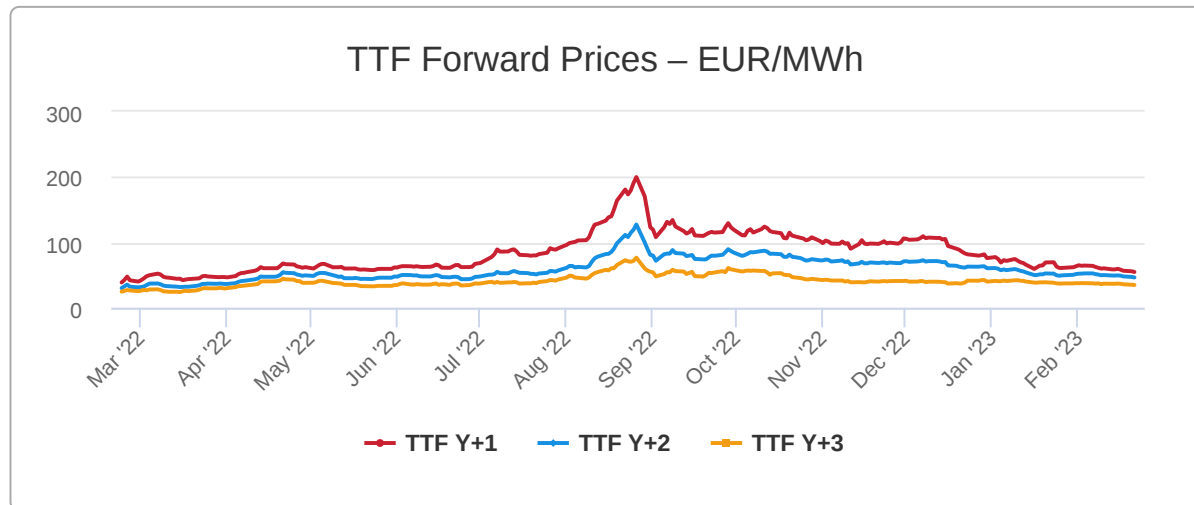


SPREAD €/MWH	12-MONTH MOVING AVERAGE	LAST WEEK AVERAGE
TTF Y+2 vs Y+1	-24.3	-8.5
TTF Y+3 vs Y+1	-42.7	-20.3

- ✓ TTF gas prices tumbled amid milder weather and ample supply levels.

Supply is healthy, gas flows from Norway are high and there is plenty of LNG coming into Europe. As long as the weather remains mild and LNG keeps flowing, Europe could surpass its targets for filling storage units until next winter.

To ensure supply security, the EU has mandated that storage facilities are filled to at least 90% of capacity by 1 November.

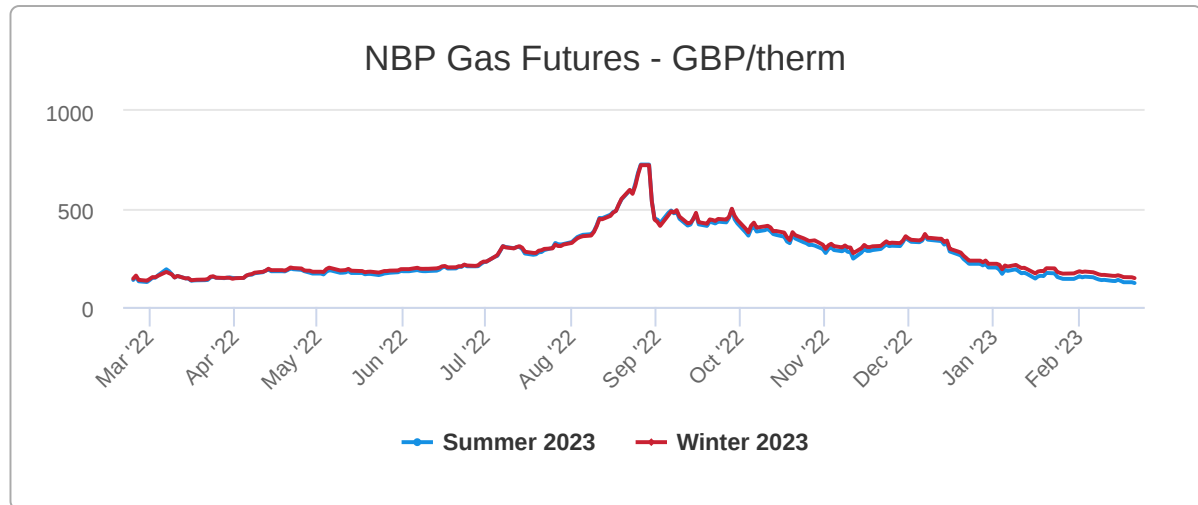
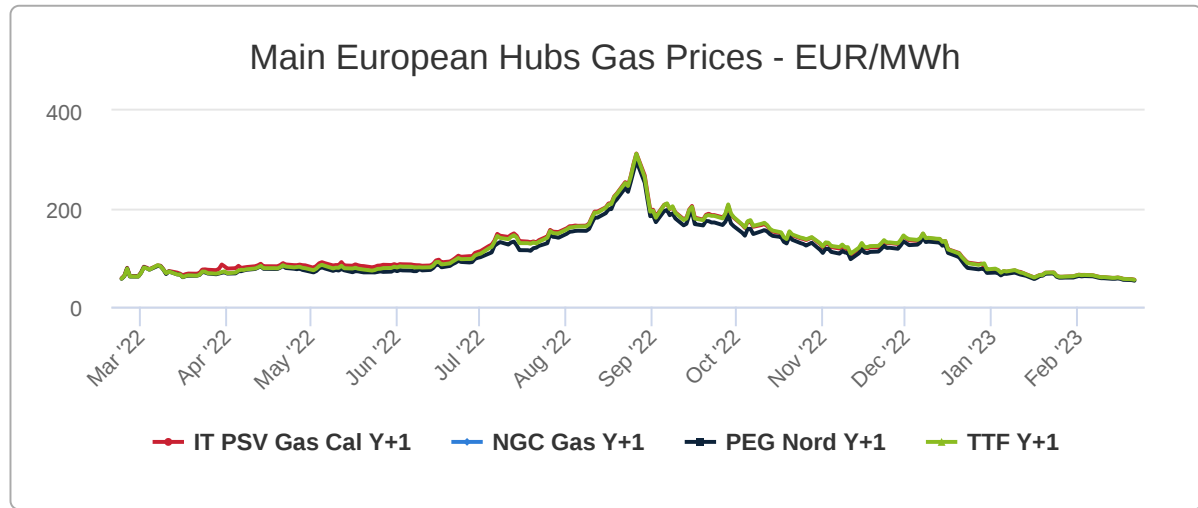


According to Gas Infrastructure Europe, storage sites in Europe were last seen at 64.8%, a decrease of 3.4% week over week.

## European Gas

Spread vs TTF	12-Month moving average	Last Week average
PSV (IT)	1.9	0.2
TRF (FR)	0	-3.4
NCG (GE)	-7.2	-1.8

✓ Germany and Austria have recently signed an agreement to share the Austrian gas storage units Haidach and 7Fields, beginning in March. These two storage units have a combined capacity of approximately 57 TWh. The Haidach storage unit, situated close to the German border, is one of the largest in Central Europe, with a capacity of 33 TWh. The 7Fields facility is connected to both Austrian and German gas grids, and has a capacity of 24 TWh.



# 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	130.3
Current Year	2023	124.4
Year Y-1	2022	235.3

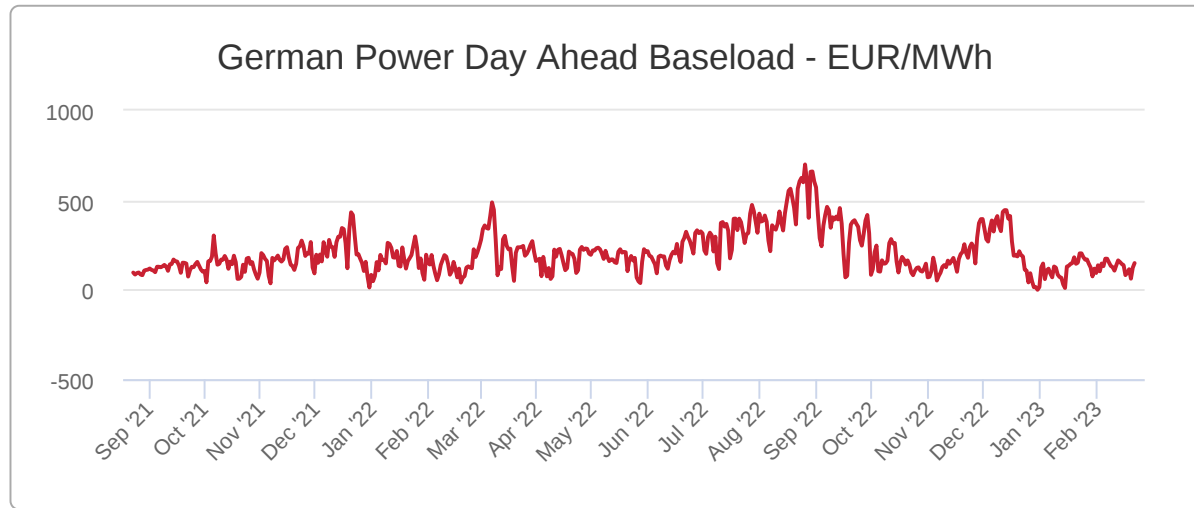
✓ The German day-ahead power tumbled due to increased wind generation.

However, average wind power generation could plummet 14.5 GW to average 5.1 GW, according to forecasts collated by Montel.

The solar generation peak should rise from 4 GW to 4.2 GW on Wednesday, with peak generation rising from 15.8 GW to 17.5 GW. The combined solar and wind midday peak, however, is likely to drop to 23 GW, or 10.7 GW lower on the day.

In Germany, temperatures are expected to slide 0.6C to 7.3C, 4.9C above the seasonal norm, according to EQ.

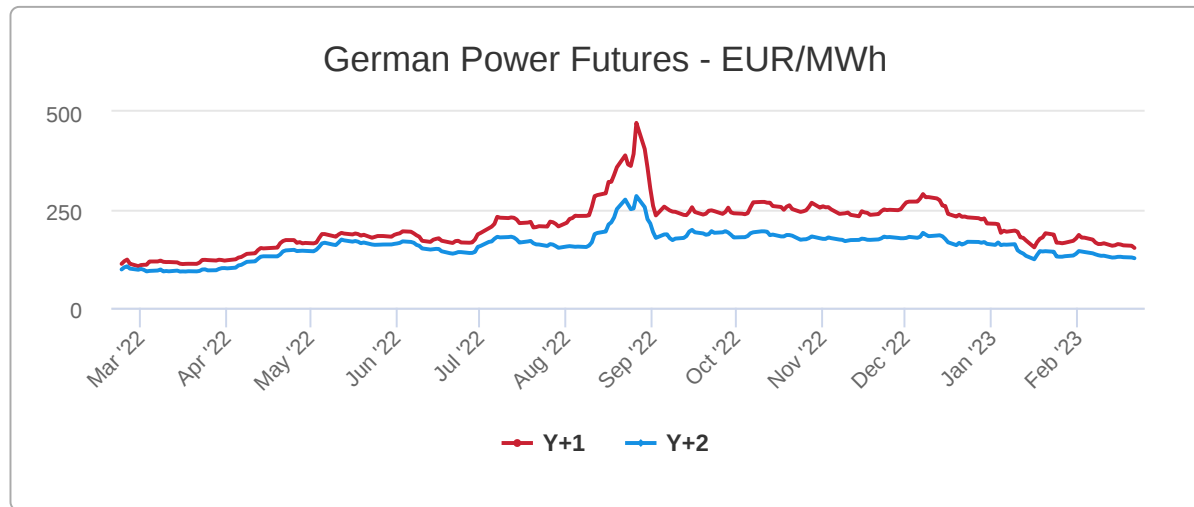
Meanwhile, the combined nuclear and lignite availability in Germany was set to rise 1.3 GW on the day to 20 GW, or 91% of operational capacity, according to EEX transparency data.



SPREAD €/MWH	12-MONTH MOVING AVERAGE	LAST WEEK AVERAGE
GE BL Y+2 vs Y+1	-49.1	-28
GE BL Y+3 vs Y+1	-71.4	-36.9

✓ German power futures prices declined in line with flagging gas prices.

The German economy minister Robert Habeck has announced plans for the country to launch 25 GW worth of gas-fired units via tenders this year in order to reach 80% of its gross energy consumption from renewable sources by 2030. This would nearly double the current gas-fired generation fleet, with the ministry eyeing hydrogen-ready power plants as part of Germany's goal of becoming climate-neutral by 2045.



A study released on Thursday has revealed that the German state of Brandenburg has the potential to produce up to 10% of the country's green hydrogen needs - 21 TWh - by 2045, due to its strong renewable resources. However, in order for the state to benefit from this potential, it is important that a robust transportation network is established to decarbonise the primary industry.

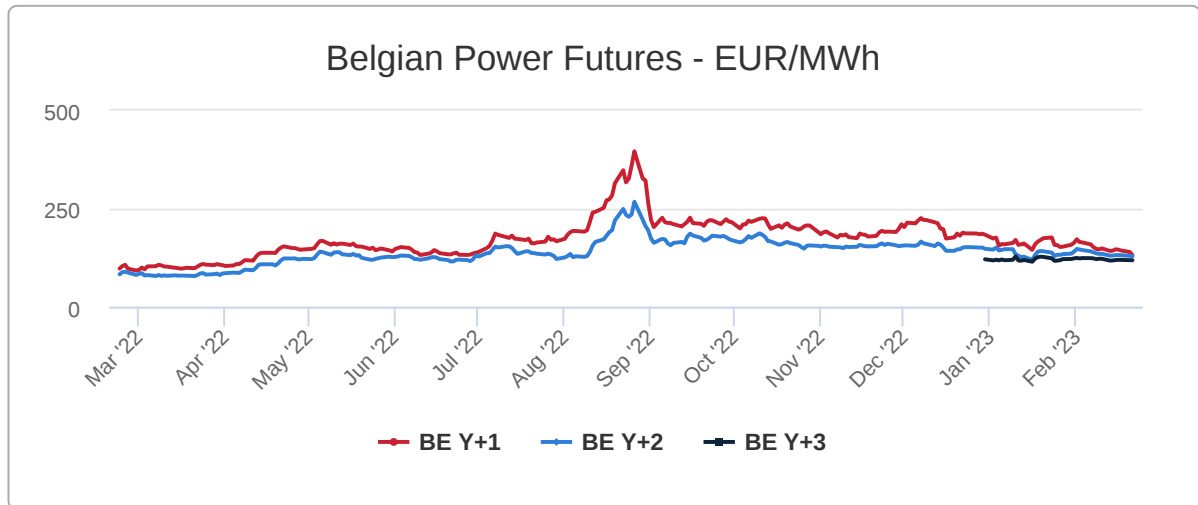
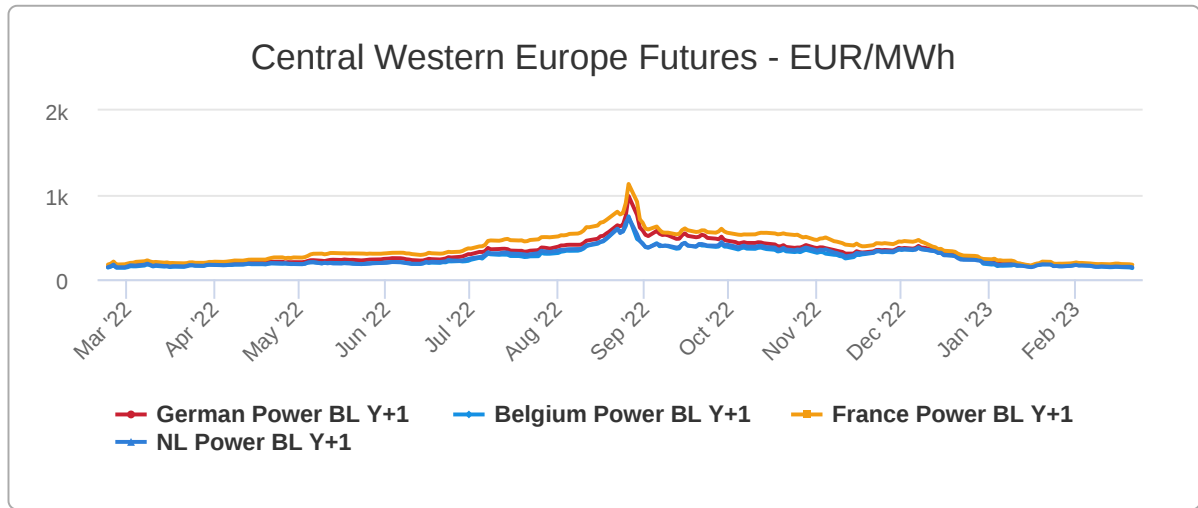
# Central Western Europe

SPREAD VS GE POWER	12-MONTH MOVING AVERAGE	LAST WEEK AVERAGE
BE	-47.3	-25.7
FR	66.7	13.4
NL	-38.5	-16.5

✓ During the first Belgian-German Energy Summit, Germany and Belgium announced plans to link their hydrogen networks, double gas supply into Germany, and investigate the potential of building a second high-voltage electricity interconnector for cross-border flows.

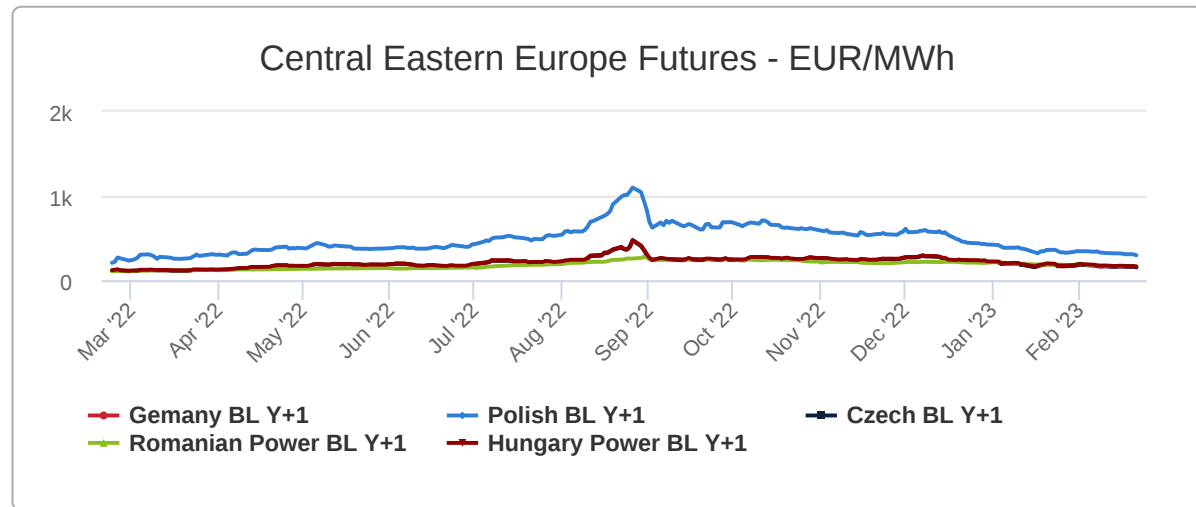
Belgian Prime minister Alexander De Croo and German chancellor Olaf Scholz, together with the countries' respective energy ministers agreed to:

- further develop hydrogen infrastructure between Belgium and Germany, with the clear goal of connecting it by 2028
- facilitate a major increase in the flow of liquefied natural gas (LNG) from Belgium to Germany, with the goal of doubling transit
- jointly examine possibilities offered by carbon capture and storage (CCS)
- intensify cooperation on offshore energy in the North Sea and focus on joint hybrid and cross-border offshore projects
- implement a second high-voltage interconnector for cross-border electricity flows
- promote the introduction of market coupling between the European continent and the United Kingdom and Ireland.



## Central Eastern Europe

SPREAD VS GE POWER	12-MONTH MOVING AVERAGE	LAST WEEK AVERAGE
Polish BL Y+1	272.1	146.3
Czech BL Y+1	2	1.3
Romanian Power BL Y+1	-25.2	11.9
Hungarian Power BL Y+1	6.5	10



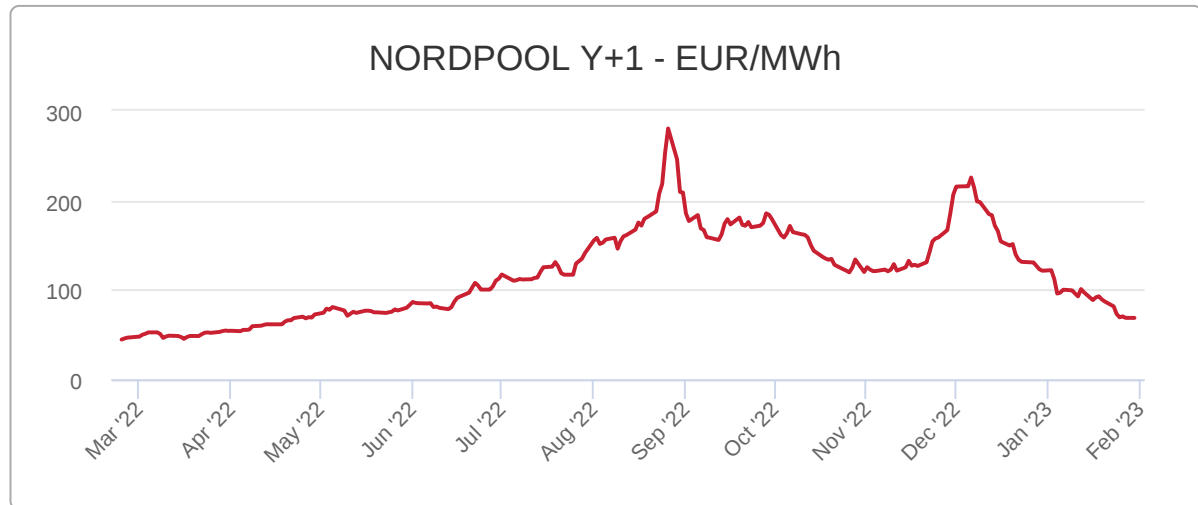
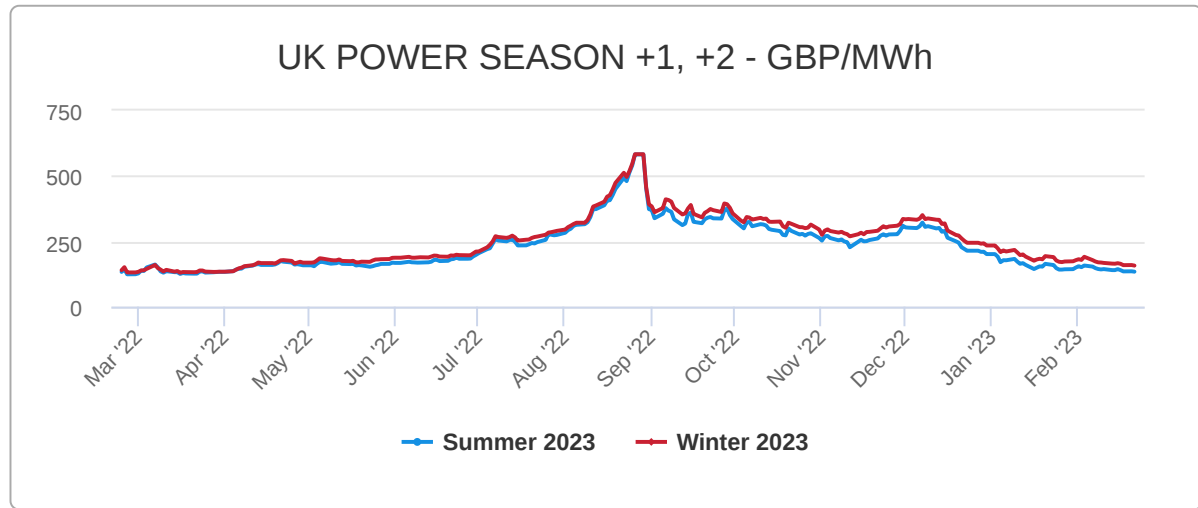
✓ By collaborating with Tundra Consulting (Tundra), Renewable Power Capital (RPC) has announced its debut into the Polish onshore wind industry and plans to build a pipeline of up to 1GW worth of onshore wind projects nationwide. Over 500MW of possible sites have already been identified by the partners, and the transaction is subject to Polish regulatory approval. The Polish Government currently expects around 25GW of renewable electricity generation capacity by 2030, a doubling from 2020 levels.

Discussions about new EU renewable energy standards have already been delayed, and a multi-billion euro hydrogen pipeline has been jeopardized. The dispute centers on hydrogen produced from nuclear versus renewable energy. Several EU officials worry that it would affect other green energy regulations, which could postpone the passage of measures required to achieve EU climate ambitions.

## UK - Nordpool

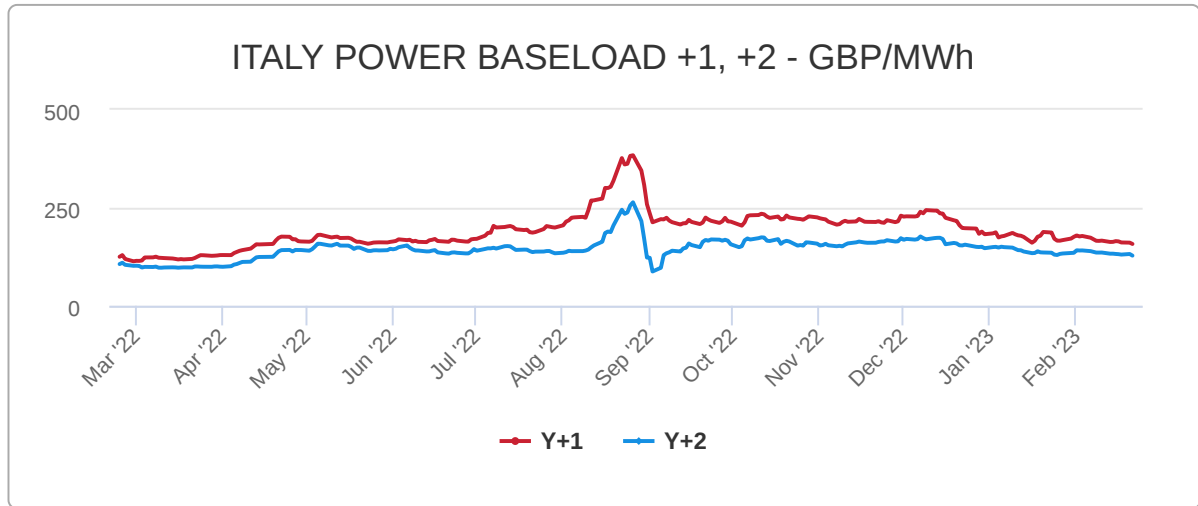
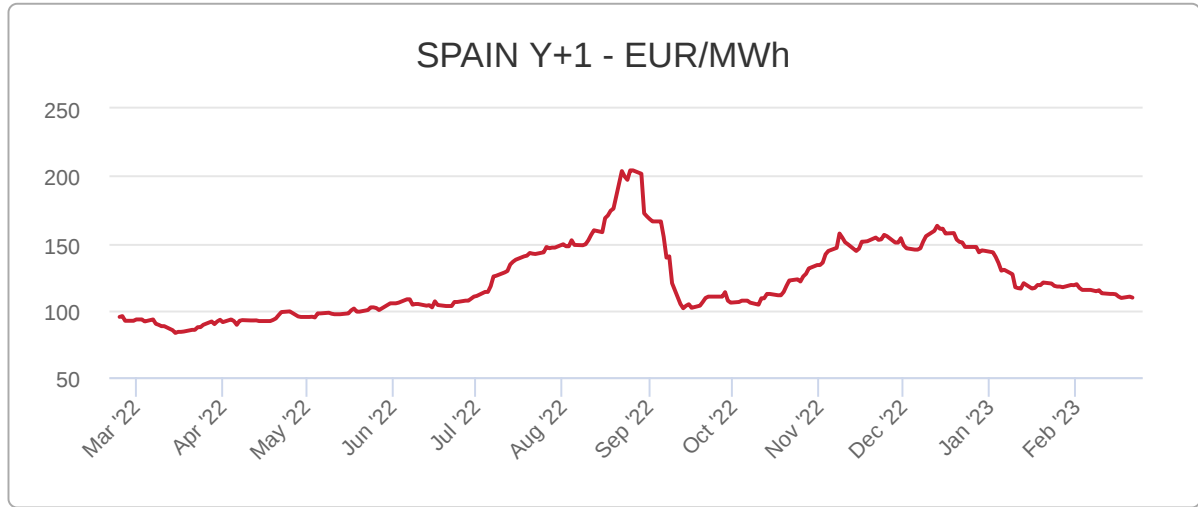
- ✓ According to a research by Energy UK, the UK's energy security and net zero goals would be compromised due to a lack of private sector investment, with "crippling consequences for the country," without "quick government involvement. "The report's findings indicate that international investors are rethinking where to allocate capital as a result of a combination of inflation, interest rates, supply chain issues, and more competition from outside.

The UK government's assistance for businesses to deal with the increase in energy costs is scheduled to be drastically reduced starting in April, which would result in an 80% increase in industry energy costs and make British businesses even less competitive abroad.



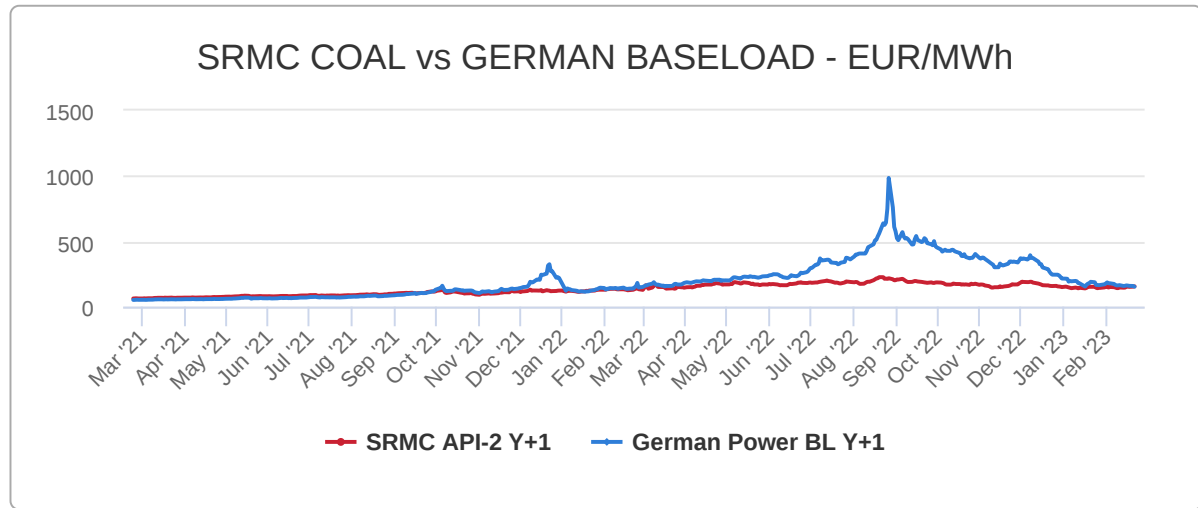


# Electricity Spain - Italy



## Short Range Marginal Cost

SPREAD SRMC	12-MONTH MOVING AVERAGE	LAST WEEK AVERAGE
Coal API-2 vs German Power Baseload Y+1	-133.1	-7.8
Gas THE Y+1 vs German Power Peakload Y+1	-288	-137.3



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

