

EUROPEAN MARKETS PRICES FALLING DUE TO LESS ELECTRICITY DEMAND

AleaSoft, February 25, 2019. AleaSoft analyses the behaviour of the fuels, CO₂ emissions rights and European electricity markets during last week. Stand out the fall of prices in most of the European markets due to a decrease in electricity demand and also in the prices of gas, coal and CO₂ emission rights. For its part, Brent oil has continued setting maximums.

Brent, fuels and CO₂

The **Brent oil** price for April 2019 in the **ICE futures market** ended last week at 67.12 \$/bbl, in the February 22 session. Since Wednesday, February 20, it has been trading above 67 \$/bbl. According to **AleaSoft**, the positive sentiment about the development of the negotiations regarding the US-China trade dispute, the possibility that the United States will increase sanctions on Venezuela and the production cuts of the OPEC countries and their allies are the fundamental reasons for the bullish climate that the market is currently experiencing. In **AleaSoft** it is not excluded that this week the 68 \$/bbl will be reached.

The **TTF gas** futures in the ICE market for March settled on Friday, February 22, with the minimum price this year, of 17.23 €/MWh, continuing the downward trend experienced by the market since September last year. One must go back to September 2017 to find a lower value.

The **API 2** coal futures price for the following month in the ICE market remained stable last week of February 18, between 73 and 74 \$/t.

For its part, the price of **CO₂ emission rights** futures for the December 2019 reference contract in the **EEX market** ended last week, on Friday February 22, at 18.93 €/t, after having reached on February 21 the minimum value since early November last year, of 18.82 €/t. The threat of a certificates surplus of United Kingdom installations due to the possibility of a Brexit without agreement on March 29, as well as Germany's plans to close all coal power plants before 2038 are, according to **AleaSoft**, some reasons that lead to this prices decrease.

European electricity markets

Last week, of February 18, the average **price** of most of the European markets fell compared to the previous week of February 11, from -0.7% of the **MIBEL Portugal** market to -8.2% of the **EPEX SPOT Netherlands** market. The exceptions were the **EPEX SPOT Germany** market, which rose 1.6%, although it ranked as the second with lowest price in Europe, behind the **Nord Pool** market of the Nordic countries, and the Italian **IPEX**, which rose 3.1% and was the most expensive in Europe.

According to **AleaSoft**, the **electricity demand** decrease due to the fact that temperatures were mostly higher last week, together with lower prices for **gas, coal** and **CO₂ emission rights** are the fundamental reasons for the prices decrease. In the case of the German and Italian markets, lower **renewable energy production**, both **wind energy** and **solar energy**, are the causes of the prices increase.

In **AleaSoft** it is expected that, in this last week of February, most markets will maintain this slight downward trend.

PRICE (€/MWh)									
WEEK	EPEX SPOT DE	EPEX SPOT FR	MIBEL PT	MIBEL ES	IPEX IT PUN	N2EX UK	EPEX SPOT BE	EPEX SPOT NL	NORD POOL
Feb, 11	42,72	47,32	55,99	55,46	55,10	56,90	48,79	47,71	44,81
Feb, 18	43,41	44,99	55,58	54,79	56,79	54,92	45,05	43,77	42,55
Prev. Week	+1,6%	-4,9%	-0,7%	-1,2%	+3,1%	-3,5%	-7,7%	-8,2%	-5,0%

DEMAND (GWh)								
WEEK	Germany	France	Portugal	Spain	Italy	Great Britain	Belgium	Netherlands
Feb, 11	10 273	11 071	1 054	5 044	6 414	5 495	1 738	2 357
Feb, 18	10 032	10 219	1 027	4 955	6 299	5 251	1 721	2 391
Prev. Week	-2,4%	-7,7%	-2,6%	-1,8%	-1,8%	-4,4%	-1,0%	+1,5%

TEMPERATURE (°C)								
WEEK	Germany	France	Portugal	Spain	Italy	Great Britain	Belgium	Netherlands
Feb, 11	5,2	7,0	11,9	11,3	8,6	7,9	6,7	6,7
Feb, 18	5,5	8,9	12,5	12,1	8,2	9,4	8,5	8,0
Prev. Week	+0,4	+1,9	+0,6	+0,9	-0,4	+1,5	+1,8	+1,4

Electricity futures

Last week, on February 18, the **European electricity futures** markets continued the downward trend they have been experiencing since the end of last year.

The futures of **Germany** for March this year in the **EEX market** settled on Friday, February 22, at 39.07 €/MWh, the lowest value since this product have been traded. Similarly, **French** futures for March in the EEX market reached last Friday the historical minimum value of this product, of 42.30 €/MWh.

Spanish electricity futures for March in the **EEX and OMIP markets**, and those of Portugal in the OMIP market, also reached on Friday the historical minimum value of 49.00 €/MWh, 48.90 €/MWh and 48 €/MWh respectively. In the OMIP market, for both Spain and Portugal, the price fell 3 €/MWh compared to Monday, February 18, when they settled at 51.90 €/MWh and 51.53 €/MWh respectively.

The futures of the **United Kingdom, Belgium** and the **Netherlands** in the **ICE market** also continue with the downward trend. Last Friday, February 22, the contract of March 2019 settled at 47.92 GBP/MWh, 43.63 €/MWh and 43.53 €/MWh respectively.

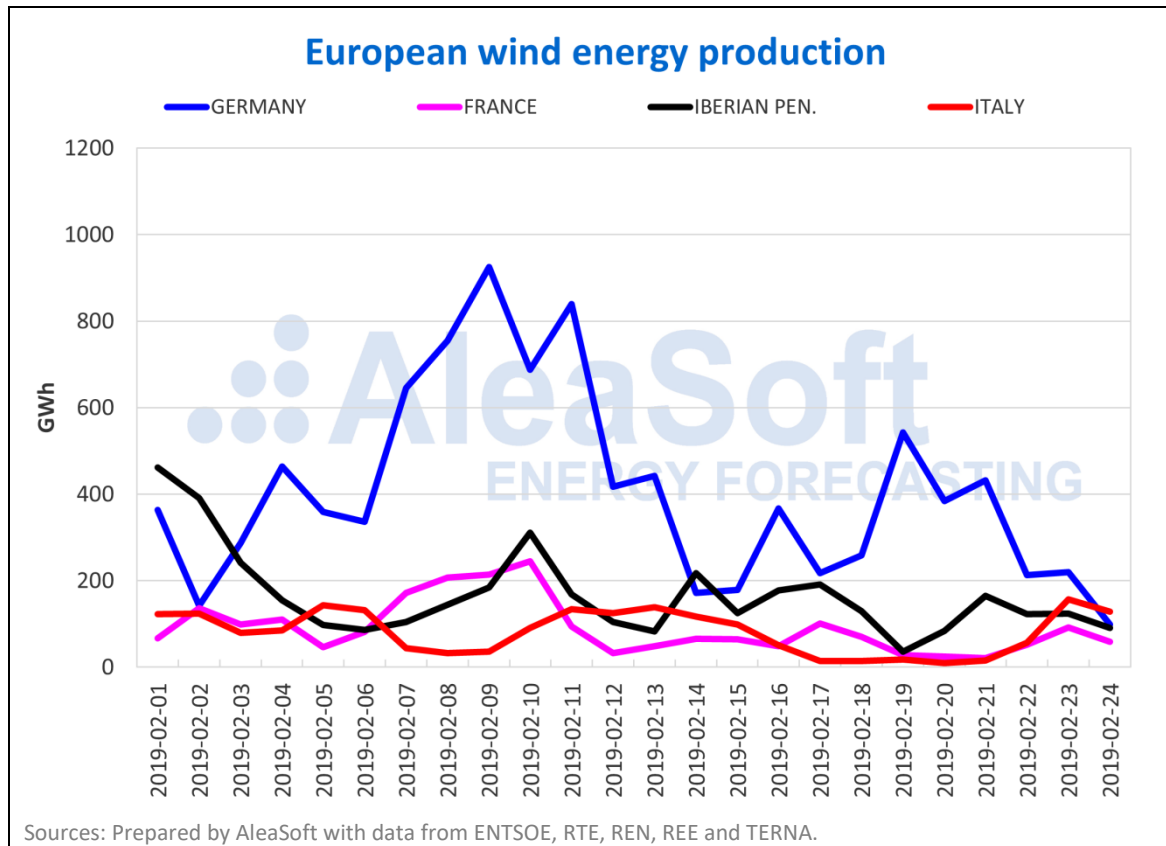
Nordic countries futures, both in the **Nasdaq** and **ICE markets**, settled on Friday, February 22, at 39.65 €/MWh and 39.70 €/MWh, respectively, 16 €/MWh lower than the values traded one month ago, which were around 55 €/MWh.

The futures of **Italy** for March 2019, although they are also following a declining trajectory, were characterized by stability last week. In the **EEX market** last week prices were around 54 €/MWh and in the **MTE** market of **GME**, they remained similar to those of two weeks ago, at 54.40 €/MWh.

Wind and solar energy production

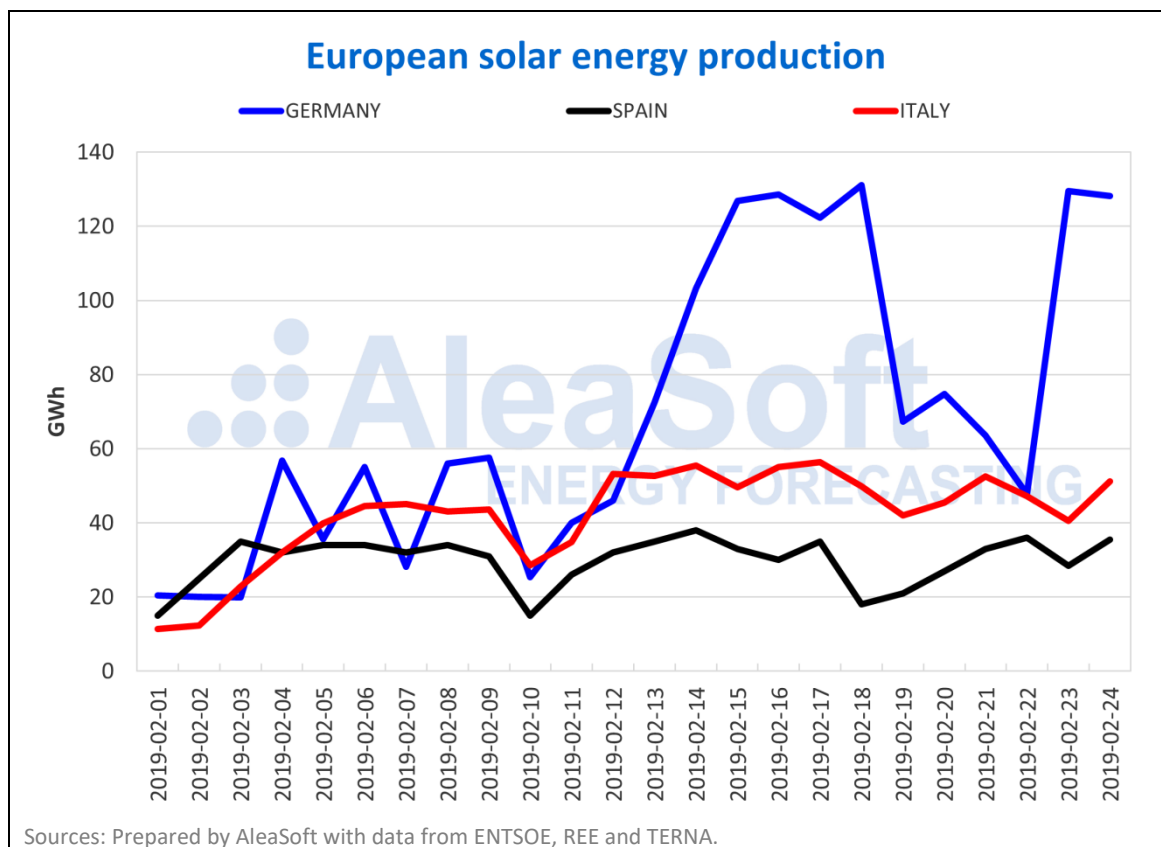
Last week, of February 18 to 24, **renewable energy production** in Europe was marked by the decline in **wind energy production**. The most important fall was recorded in the Italian market with a 41% reduction in wind energy production compared to the previous week of February 11. The fall in other countries has been lower, but of the same order: 30% less in the Iberian Peninsula, 24% less in France and 18% less in Germany.

AleaSoft's forecasts indicate a bullish trend of wind energy production for this week, except in Germany, where production could fall.



The **AleaSoft's** analysis on the **solar energy production**, which includes both the **photovoltaic** and the **solar thermal**, shows that last week of February 18 was very similar to the previous one of February 11 in Germany, with a symbolic increase of 0.4%, but with falls more pronounced in Spain, of -13% and Italy, of -7.9%.

According to **AleaSoft's** forecasts, the trend of solar production could be markedly bullish this week, as the increase in sunshine hours will be reinforced by favorable weather.



Source: **AleaSoft Energy Forecasting**

Keywords: **Brent oil, gas TTF, API 2 coal, CO₂ emissions rights, electricity demand, European markets prices, renewable energy production, wind energy production, solar energy production, photovoltaic, solar thermal, European electricity futures, futures market ICE, EEX market, MIBEL, OMIP, EPEX SPOT, Nord Pool, IPEX, Nasdaq market, MTE market**