



KYOS Energy Analytics

Insights in European energy markets



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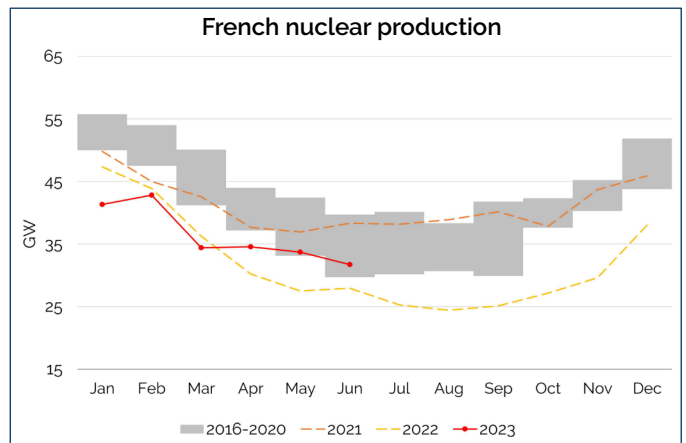
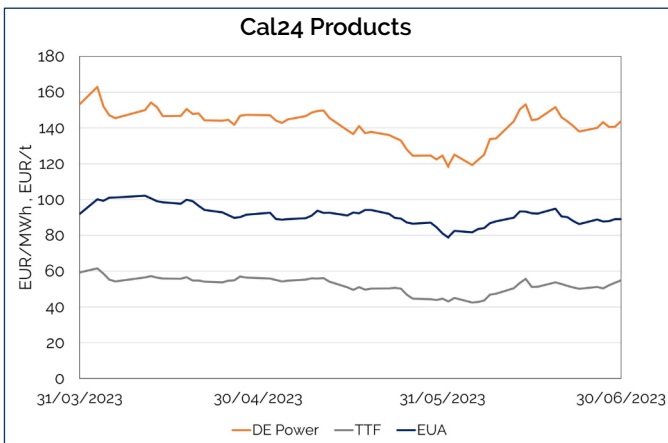
Front-year energy prices traded sideways in June without major fundamental changes: Gas supplies remained healthy and subdued demand in Europe is persistent.

Therefore, Cal-24 prices averaged close to the previous month. German power averaged 137.44 EUR/MWh, TTF averaged 49.43 EUR/MWh and EUA 87.70 EUR/t. On gas, the 3-week maintenance extension at the Norwegian Nyhamna field supported near-term prices but Europe appears well prepared for the coming winter nevertheless, with EU storages filled at 80% already. However, the TTF hasn't been impacted so far by the emerging upside risk due to China's upward trend in LNG imports. They surged by 30% y-o-y in May and 40% y-o-y in June, supported by a post-lockdowns economic recovery and strong gas burn in the power sector because of high cooling demand and low hydro output. With that, competition for LNG between European and Asian buyers is gaining momentum again.

Looking at the remainder of July, the latest weather forecasts show a warm and dry trend in southern Europe in particular. While price spikes in Italy and Spain could be driven by strong cooling demand, any upside in Western Europe is to be limited by the strong solar production. Bearing in mind the recent and on-going strong solar growth in key markets (Germany added more than 4.5 GW in H1-2023) mid-day price dips are more likely and got illustrated again in early July with record low prices down to -500 EUR/MWh in the Netherlands.

On the French market, nuclear generation decreased by 2 GW m-o-m but is 4 GW higher than the same time last year. In July, production is expected to average higher despite EDF warning that reactors along the Rhone river will subject to output curbs due to warm water temperatures. On the wind market, the latest tender has been oversubscribed and a record-high 1.2 GW got awarded which was seen a positive signal.

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Source: EEX, ENTSO-E, KYOS Energy Analytics

