

# CORONA-ENERGY MARKET RADAR

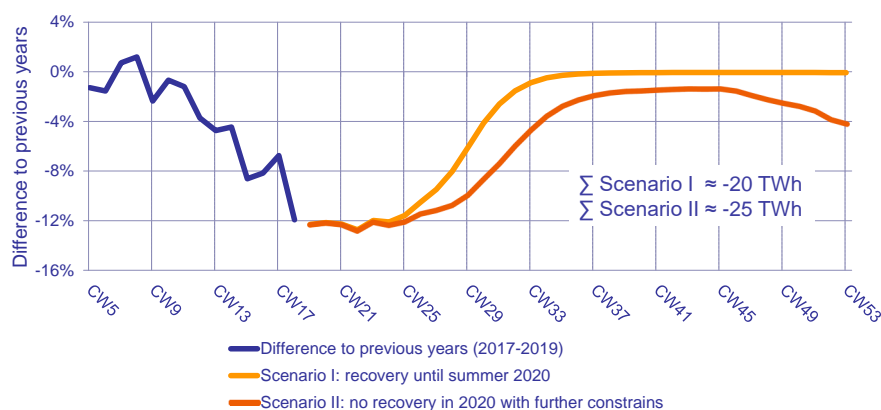
06.05.2020

## KEY FACTS

- The economic research institutes' expectations for GDP growth were adjusted downwards compared to April (up to -8.7%).
- The Ifo-index reached a historic low in April 2020. The decline in power and gas consumption of energy-intensive industry sectors may be as bad as -18%.
- IEA estimates a reduction of European energy demand by 10% and of global energy demand by 6% on an annual basis.

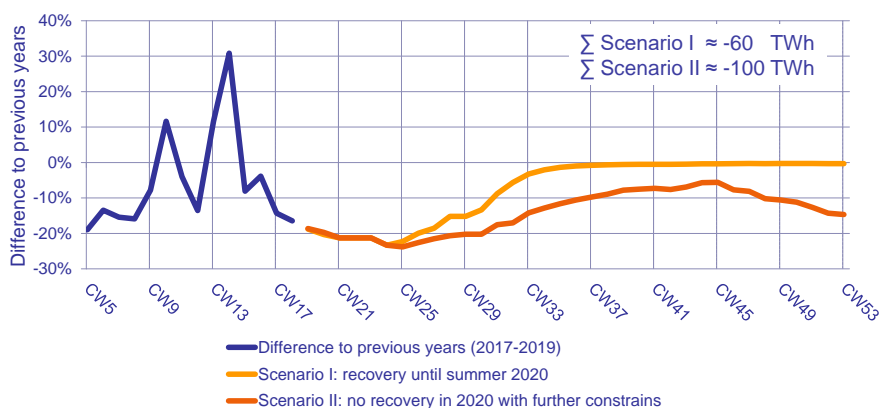
### Power consumption

- Underconsumption so far is about 4% year-on-year
- In the optimistic scenario, consumption normalizes until mid-year; underconsumption amounts to -20 TWh/a ( $\approx 4\%$ )
- In the pessimistic scenario with a second wave of Covid-19, underconsumption amounts to about -25 TWh p.a. ( $\approx 5\%$ )



### Gas consumption

- Underconsumption\* so far is about 6%
- In the optimistic scenario, underconsumption\* sums up to -60 TWh until end of the year ( $\approx 6\%$ )
- In the pessimistic scenario, underconsumption\* amounts to about -100 TWh/a in 2020 ( $\approx 10\%$ )



\*includes temperature-related effects

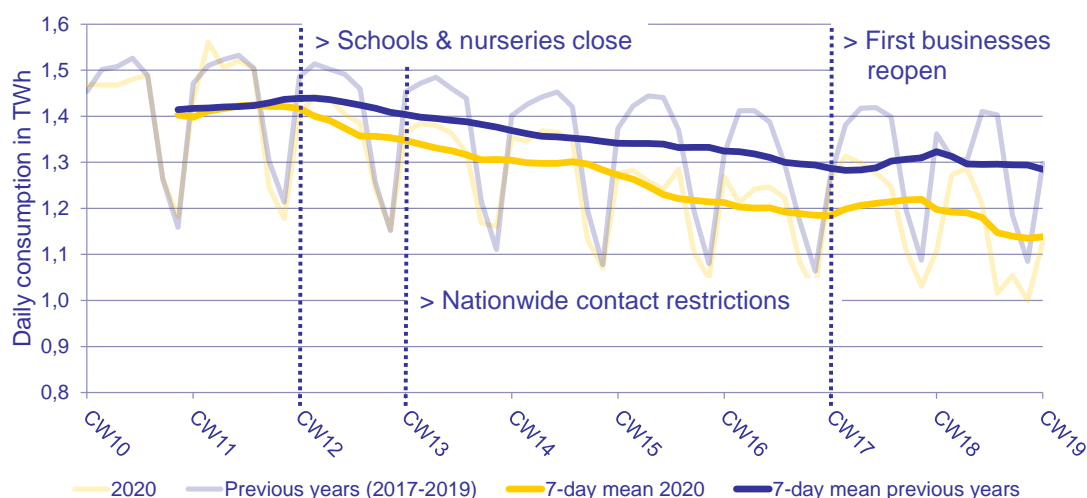
Scenario I: Stepwise lifting of the constraints within the 2<sup>nd</sup> quarter, followed by normalization within 2-3 months  
 Scenario II: Stepwise lifting of the constraints within the 2<sup>nd</sup> quarter, renewed utilization of the constraints in the 4<sup>th</sup> quarter  
 Reservation: graphs and numbers are constantly updated

Economic forecasts (GDP)	Before 01.20	04.20	05.20	Energy prices	04.05.20 <sup>1</sup>	Ø 2019 <sup>2</sup>	Difference
Ifo-Institut	+1.1%	-1.5%	-6.2 to -6.6%	Power [EUR/MWh]	23.73	48.26	-24.53
IfW Kiel	+1.1%	-4.5%	-4.5 to -8.7%	Gas [EUR/MWh]	6.10	18.94	-12.84
DIW Berlin	+1.8%	-0.1%	< -6.0%	Oil [USD/bbl]	27.20	61.14	-33.94
HWWI	+1.4%	-2.5%	-	Coal [USD/t]	41.25	69.86	-28.61

1 Month Ahead Price, Source: EEX, ICE, Spectron

2 Arithmetic average of the year ahead futures of all trading days in 2019, Source: EEX, ICE, Spectron

## Power consumption since calendar week 10 compared to previous years



Source: ENTSO-E, Team Consult Analysis

- With the closing of schools and nurseries as well as the introduction of contact restrictions throughout Germany, daily power consumption decreased significantly and lately was about 13% lower than in previous years. So far the data shows no signs of a recovery of power consumption.
- The reduction in German power consumption is in the range the IEA observed in countries with comparable restrictions.

## Development in key branches of the manufacturing industry

Branch of industry	Ifo-index (2020)			Power		Gas	
	Feb	Mar	Apr	Ø Consumption (share of manuf. industry)	Estimated change in con- sumption <sup>1</sup>	Ø Consumption (share of manuf. in- dustry)	Estimated change in con- sumption <sup>1</sup>
Chemical industry (WZ08-20)	○	●	●	52 TWh (21%)	-9%	119 TWh (32%)	-4%
Metal industry (WZ08-24)	●	●	●	42 TWh (17%)	-18%	37 TWh (10%)	-18%
Glass- and ceramic industry (WZ08-23)	○	○	●	13 TWh (5%)	-3%	30 TWh (8%)	-4%
Paper industry (WZ08-17)	○	●	●	18 TWh (7%)	-0.5%	28 TWh (8%)	-6%
Automotive industry (WZ08-29)	○	●	●	16 TWh (7%)	-14%	13 TWh (4%)	-15%

- Ifo-Index: > 45: ● 15 bis 45: ● -15 bis 15: ○ -15 bis -45: ● < -45: ●
- Estimated change of consumption per branch of industry is based on the historic relation of the Ifo-index and production index as well as the relation of production level and power and gas consumption

<sup>1</sup> Analysis by Team Consult based on the latest Ifo-index data

### Imprint

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