

CORONA-ENERGY MARKET RADAR GERMANY

18.11.2020

KEY FACTS

- The Working Group on Energy Balances predicts a 7% lower energy consumption in 2020 compared to 2019. The consumption of electricity and gas recovered in the second half of 2020 after a strong decline in Q2.
- The forecasts of the leading economic institutes for GDP growth in 2020 are still clearly negative, but have been adjusted upwards since the summer. However, this was before the new pandemic-related restrictions effective from Nov 2nd were announced, meaning that any effects from these measures are not yet taken into account
- The business climate of key industrial sectors has normalized before the new measures came into effect

Power consumption

- Power consumption has recovered over the past weeks and recorded 2% additional consumption in CW 44
- In an optimistic scenario there will be slightly lower consumption of up to -2% in Q4/20 and Q1/21
- In a pessimistic scenario strong restrictions will lead to a reduced demand of up to -6%

Power consumption Germany



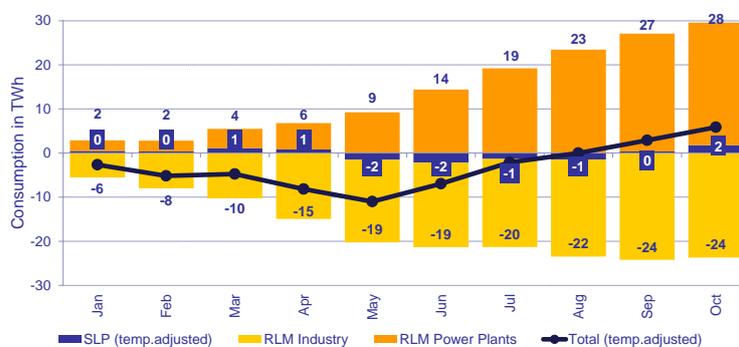
Source: ENTSO-E

The considered previous years are 2017 – 2019

Gas consumption

- The figure shows the cumulated over-/under-consumption of different consumer groups since the start of the year
- The heating customer segment (SLP) has been temperature-adjusted, a pandemic-related effect can not be identified
- In the large customer segment (RLM) the industrial sector recorded underconsumption which was overcompensated by the power sector

Cumulated over- & underconsumption of gas separated by segments



Source: NCG, GPL, SMARD, DWD, Team Consult Analysis

The considered previous years are 2017 – 2019
 SLP Temperature adjustment by conversion to temperature normal year

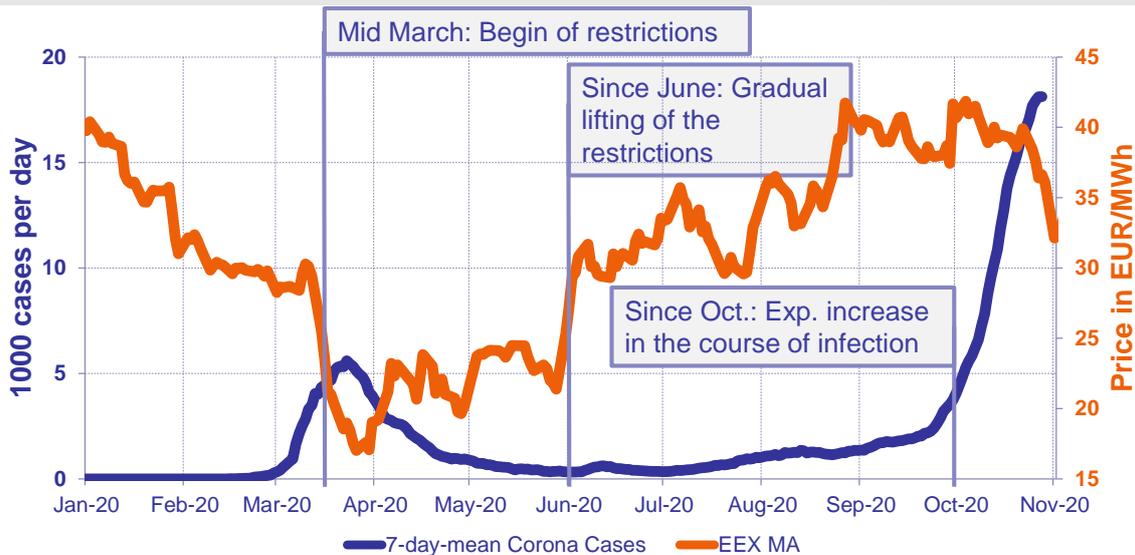
A pandemic-related effect on electricity consumption can be identified, and due to a close correlation to the overall economy, it is possible to generate scenarios for electricity consumption. For gas, consumption is less predictable, due to opposing effects in RLM consumption (industry vs. power plants). Therefore, we do not show scenarios for gas in this edition.

GDP forecasts	Start of year	Last forecast	Current forecast	Energy prices	16.11.20 ¹	Ø 2019 ²	Difference
Ifo-Institute	+1.1%	-6.7%	-5.2%	Power [EUR/MWh]	34.07	48.26	-14.19
IfW Kiel	+1.1%	-6.8%	-5.5%	Gas [EUR/MWh]	14.25	18.94	-4.69
DIW Berlin	+1.8%	-9.4%	-6.0%	Oil [USD/bbl]	43.82	61.14	-17.32
HWWI	+1.4%	-2.5%	-5.0%	Coal [USD/t]	55.10	69.86	-14.76

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

Impact of the Corona-Pandemic on Month-Ahead power prices



Source: EEX, Eurostat, Team Consult Analysis

- The introduction of contact restrictions and the strong increase in Corona infections in the middle of March resulted in a strong decrease of the Month-Ahead electricity prices. After Corona infections levelled-off prices recovered in the summer
- There is a significant correlation between Coronavirus cases and the wholesale electricity price (coefficient of determination ca. 50%). An increase of cases by 1,000 correlates with a decrease of the MA-price by 2 EUR/MWh.

Development of key sectors of the manufacturing industries

Industry sector	Ifo-Index (2020)			Power		Gas	
	Aug (new)	Sep (new)	Oct (new)	∅ Annual Consumption (share of manuf. industry)	Current consumption deviation ¹	∅ Annual Consumption (share of manuf. industry)	Current consumption deviation ¹
Chemical industry (WZ08-20)	○	○	○	52 TWh (21%)	-1%	119 TWh (32%)	-0.4%
Metal industry (WZ08-24)	●	●	●	42 TWh (17%)	-9%	37 TWh (10%)	-9%
Glass- and Ceramic industry (WZ08-23)	○	○	●	13 TWh (5%)	-4%	30 TWh (8%)	-4%
Paper industry (WZ08-17)	●	○	○	18 TWh (7%)	-0.5%	28 TWh (8%)	-6%
Automotive industry (WZ08-29)	○	○	○	16 TWh (7%)	-10%	13 TWh (4%)	-10%

- Ifo-Index: > 30: ● 10 bis 30: ● -10 bis 10: ○ -10 bis -30: ● < -30: ●
- The estimation of consumption deviations has been recalibrated on the basis of data from the summer period; despite the fact that the business climate index recovered in most sectors, energy consumption is still below pre-pandemic levels

¹ Estimation of consumption deviation in the past month in comparison to pre-pandemic levels; Analysis Team Consult on the basis of current Ifo-index data

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