

# CORONA-ENERGY MARKET RADAR

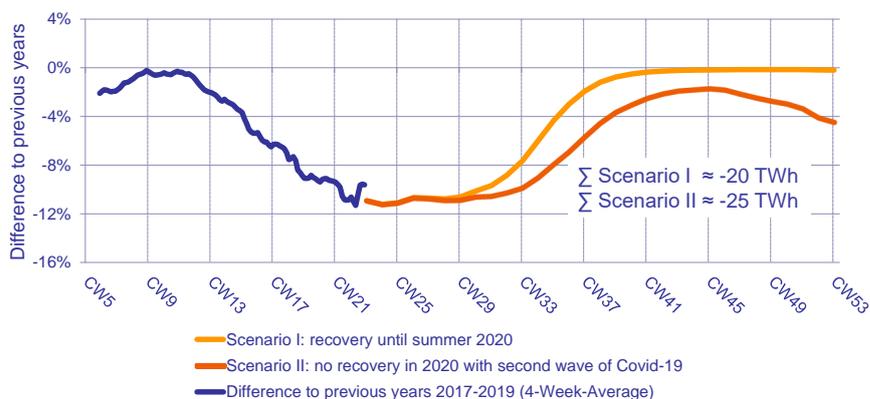
09.06.2020

## KEY FACTS

- The economic research institutes' expectations for GDP growth remain on average at -6% for 2020, according to most recent forecast data.
- After hitting a historic low in April 2020, the ifo-index shows a trend reversal in May. While the companies assessed the current business situation even worse in May than in April, their business outlook improved.
- Underconsumption in the power sector stabilized over the last few weeks, while in the gas sector there are opposite trends in the industry (-10 TWh since week 10) and power generation (+6 TWh since week 10).

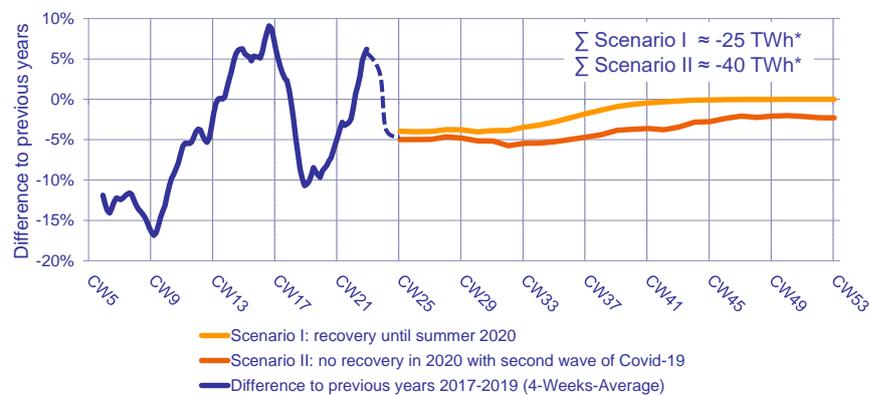
### Power consumption

- Underconsumption so far is about 5% 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 of heating customers is temperature-related; no Covid-19 effect
- Accounting for unexpectedly high gas-fired power generation and discarding temperature effects from 06/2020 on results in more optimistic scenarios for the entire years (vs. editions 1 and 2)



\* Underconsumption from 06/20 on due to Covid-19 only; i.e. no extrapolation of temperature-related underconsumption that occurred until now

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

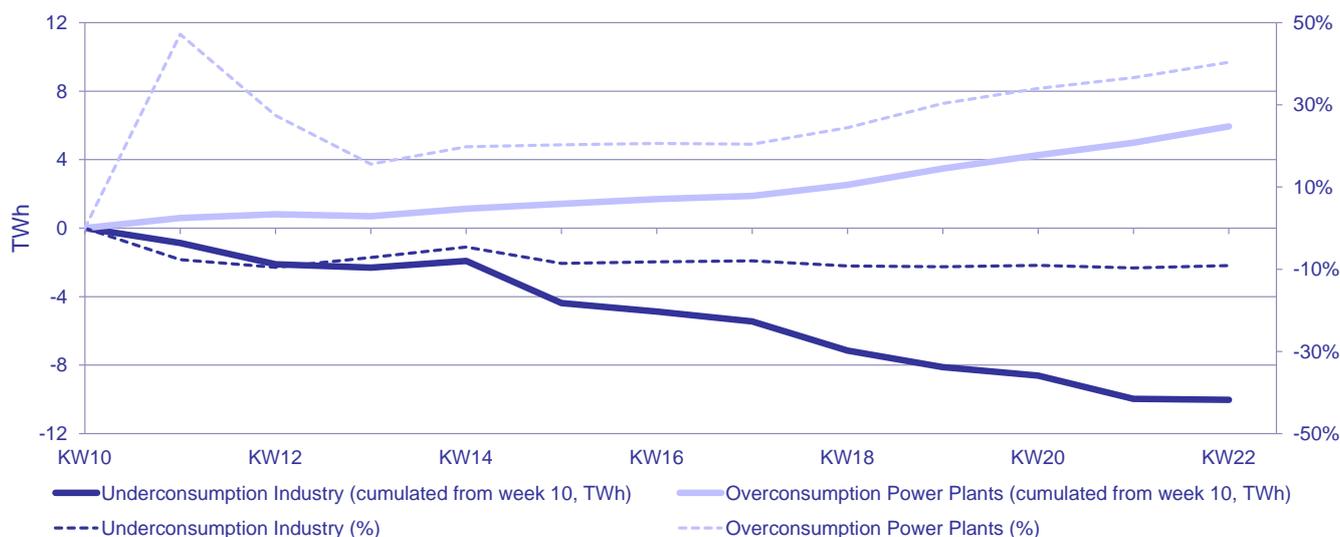
GDP forecasts	Before 01.20	Last forecast	Current forecast
Ifo-Institute	+1.1%	-6.2 to -6.6%	<b>-6.6%</b>
IfW Kiel	+1.1%	-4.5 to -8.7%	<b>-7.1%</b>
DIW Berlin	+1.8%	< -0.1%	<b>&lt;-6.0%</b>
HWI	+1.4%	-2.5%	<b>-5.0%</b>

Energy prices	08.06.20 <sup>1</sup>	Ø 2019 <sup>2</sup>	Difference
Power [EUR/MWh]	<b>31.69</b>	48.26	-16.57
Gas [EUR/MWh]	<b>5.20</b>	18.94	-13.74
Oil [USD/bbl]	<b>40.80</b>	61.14	-20.34
Coal [USD/t]	<b>47.00</b>	69.86	-22.86

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

## Industry & power plants: under- and overconsumption of gas (vs. Ø 2017-2019)



Source: NCG, Gaspool, SMARD, Team Consult Analysis

- Gas consumption in the industry has been below the average of years 2017-2019 by 0,5 - 1,5 TWh per week since calendar week 10, representing a reduction of ca. 10%.
- While cumulative underconsumption in the industry from week 10 on amounts to 10 TWh, gas-fired power plants show a cumulative overconsumption of around 6 TWh vs. previous years over the same time interval, i.e. from week 10 on.

## Development in key branches of the manufacturing industry

Branch of industry	Ifo-index (2020)			Power		Gas	
	Mar	Apr	May	Ø Annual Consumption (share of manuf. industry)	Current Covid-19 effect <sup>1</sup>	Ø Annual Consumption (share of manuf. industry)	Current Covid-19 effect <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%)	-7%	30 TWh (8%)	-8%
Paper industry (WZ08-17)	●	●	●	18 TWh (7%)	-0.5%	28 TWh (8%)	-5%
Automotive industry (WZ08-29)	●	●	●	16 TWh (7%)	-11%	13 TWh (4%)	-12%

- 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

1 Estimation of Covid-19-related effect on consumption in the last month; analysis by Team Consult based on the latest Ifo-index data

### Imprint

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