

SMP: €35.66 (+€2.13)

MTD (May): €35.88
YTD (2013): €38.00

Commentary

Prices rise for 4th day in a row as load increases

Warm temperatures seem to be underpinning Greek day-ahead prices even though they haven't managed to stage any significant price rebound. Despite 4 days of price increases SMP still settled below €40 for the 14th consecutive day. It is likely that the 21-day streak of below-€40 prices observed in April will come under threat.

Apart from the rise in load (+1.1 GWh) and a 2 GWh rise in RES injections no other major changes in the supply-demand balance took place. The fact that SMP rose was really the result of three off-peak hours settling between €25 and €30 instead of €0.

In neighboring countries settled at substantially higher levels than Greece with Brindisi standing at €54.76 and SGOF at €67.05.

As we are nearing the deadline for the submission of binding bids for DEPA and DESFA, Gazprom officials are reportedly pressuring the Greek government to resolve the issue of the money owed by Independent Power Producers before they submit their bids. It is very likely that pressures will escalate as we approach the 29th of May deadline.

In European energy related markets it seems that the German holiday yesterday helped traders to bid German power prices higher today. Cal 14 EEX futures rebounded off record contract lows and are now trading at €38.75. EUA's on the other hand are almost unchanged (Dec13 @€3.54) as it seems that market participants are very reluctant to pick direction. Today's spot auctions settled slightly lower than Friday's (€3.49 for 3,46 m tns).

Brent (\$104.30) is losing some of yesterday's gains as traders now seem worried that tomorrow's EIA report will not paint a bullish picture of the US demand-supply balance. Brent seem caught in a tag of war between market fundamentals and Central Bank liquidity injections.

€/€ remains stable at 1.2870. Expect FED Chairman Bernanke's testimony tomorrow to provide short term direction.

