



European power trading slows after heavy volumes in 2016 - study - Reuters News

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- Volumes declined early 2017 after record in 2016
- French nuclear supply gaps boosted trading in Q4
- Traders more cautious after some faced losses in Q4

FRANKFURT, March 20 (Reuters) - Trading in the European wholesale power market slowed in early 2017 after volumes jumped to a record high in 2016, driven in part by a supply crisis at French nuclear reactors, research firm Prospex said.

Traders have been more cautious after booking some losses in the fourth quarter 2016 when French supply problems were acute, UK-based Prospex said in the report.

"The consensus is that volumes so far in 2017 appear to be notably down compared to early 2016, apart from the big German market," Prospex said. "The market has weathered such storms before and has always returned to strength over time."

Germany's market is the region's most liquid and its economy has been growing faster than elsewhere in the European Union.

Years of power price falls came to a halt last October when French reactor maintenance outages were lengthened in cold weather, leaving operators struggling to meet demand for electric heating and driving trading volumes higher.

Combined volumes in Germany, France, the Nordics, Britain, Italy, Spain and the Netherlands in 2016 rose by 23 percent to their highest ever 11,804 terawatt hours (TWh), said Prospex, which has been monitoring the market since 2001.

The notional value of the market grew by 17 percent year-on-year to 398 billion euros (\$427.9 billion), although it remained below a 2008 peak, Prospex said.

The market's value rose to 615 billion euros in 2008, but power prices after that slipped due to sluggish economic growth and competition from renewables.

The German benchmark Year Ahead price is currently near 30 euros F1BYc1, 50 percent above its early 2016 low and back near levels last seen in 2003, according to Thomson Reuters data. EL/DE

Power trading remains a core component of the commercial operations for utilities, while commodity trading houses and investment funds are also key players in the market.

Prospex data showed that of the 2016 volume total, over-the-counter (OTC) trading accounted for 64 percent.

Outside OTC, bourses such as EEX DB1Gn.DE and NASDAQ Commodities NDAQ.O offer cleared and anonymous marketplaces.