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# Impact of Covid-19 outbreak on Italian energy markets

AFRY Management Consulting

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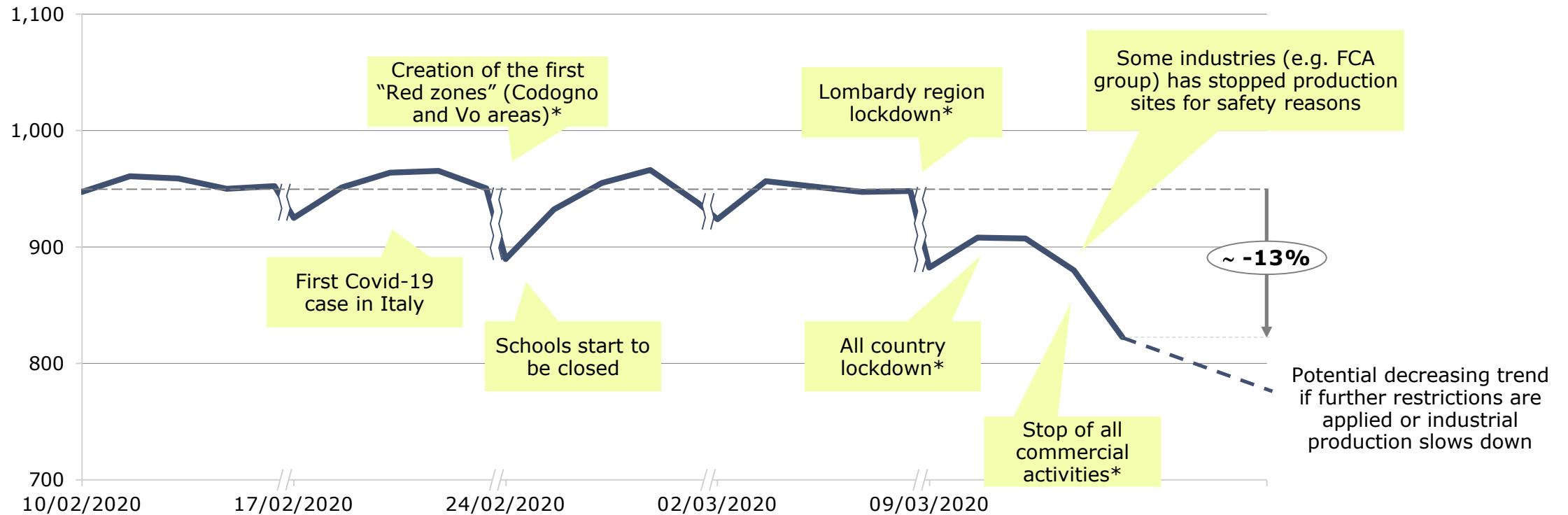
Covid-19 outbreak started in China at the end 2019 and has now spread all over the world. Italy has been the first western country to be hit

- **Outbreak of Covid-19 started in China at the end of 2019.** Although the exact timing is still unclear, Covid-19 outbreak began in Wuhan and started to spread all over mainland China and the rest of the world. Starting from mid January, the Chinese government undertook the application of very restrictive quarantine measures, in particular on the city of Wuhan and the rest of Hubei province. As of 14 March, the number of new Covid-19 cases in China has indeed considerably decreased. However, besides containing the infection, the restrictive measures have strongly impacted the Chinese economy
- **First relevant case in Italy was registered on 20 February.** First relevant Italian Covid-19 case was registered in Codogno (Lombardy) and the number of infected people has since started to exponentially increase. As of 14 March, 21,157 Covid-19 cases have been registered in Italy, with 1,441 deaths
- **Italian Government has decreed extraordinary restrictive measures.** The Government has taken several restrictive measures in order to try to contain the disease outbreak: lockdown of Lombardy region (8 March), lockdown of the whole country (11 March), stop of all commercial activities (12 March). Such measures are expected to remain active during the coming weeks
- **As of 14 March, the restrictive measures in Italy have led to a power demand reduction, but this not had a direct impact on power prices yet. However, Italian power prices are reflecting the trend of the gas prices as a result of the slowdown of the Chinese and Italian economies**

# Italian power demand was not impacted until the application of the highly restrictive measures decreed in week of 9 March

## DAILY ELECTRICITY DEMAND IN ITALY SINCE 10 FEBRUARY

Daily power demand, business days only, GWh



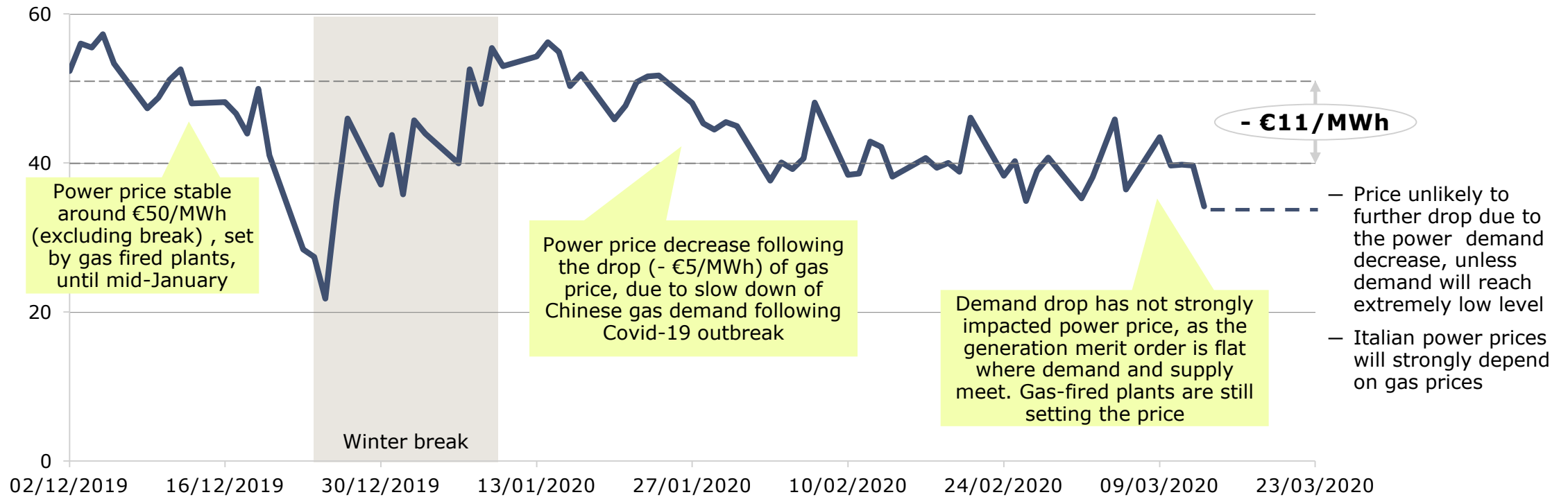
• Government decree  
Source: AFRY Management Consulting elaboration on Terna data

IMPACT OF COVID-19 OUTBREAK ON ITALIAN ELECTRICITY PRICE

Italian power price have been hit by demand drop. However, it could be further impacted by the evolution of gas prices

**POWER PRICE (PUN) EVOLUTION SINCE 1 DECEMBER 2019**

Daily average power price, business days only, €/MWh

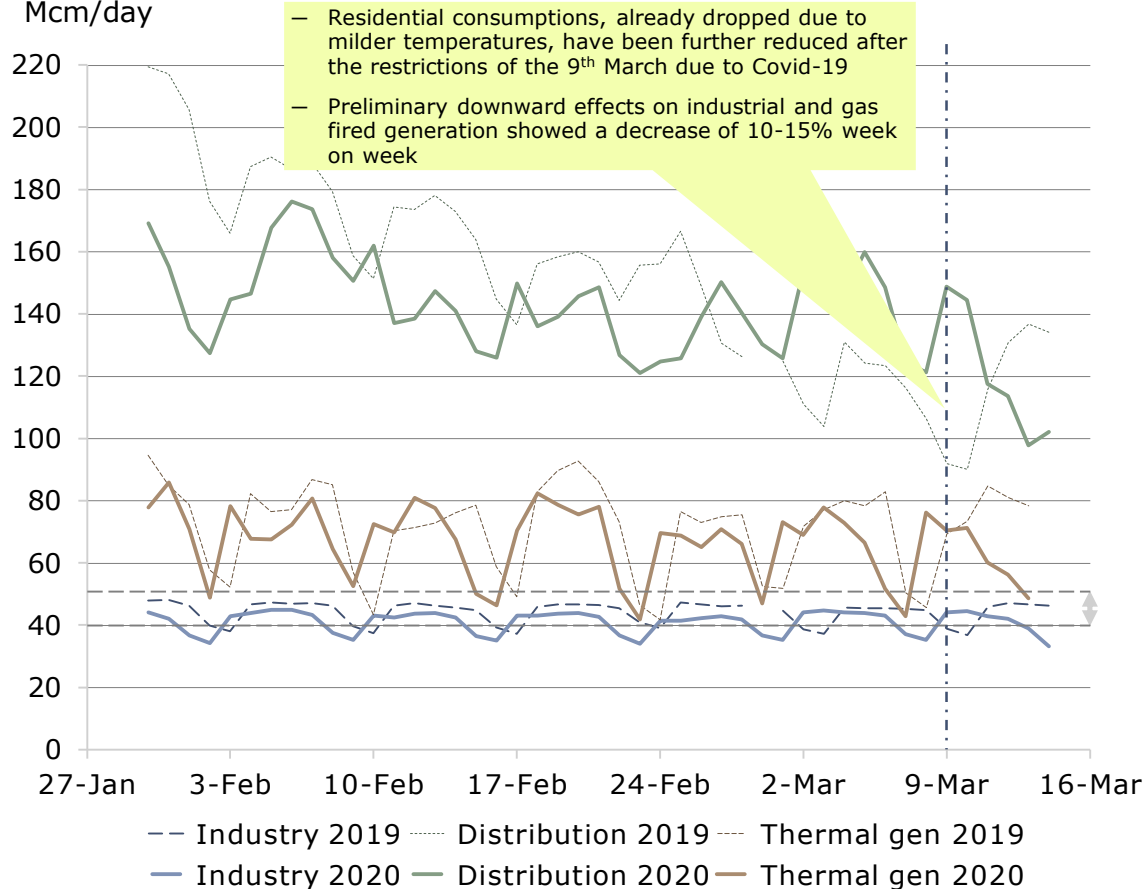


Source: AFRY Management Consulting elaboration on GME data

Italian gas demand has been impacted by Covid-19 restrictions, in all sectors, with a clear effect on spot prices that reflect a general oversupply

**GAS DEMAND IN DISTRIBUTION AND INDUSTRY**

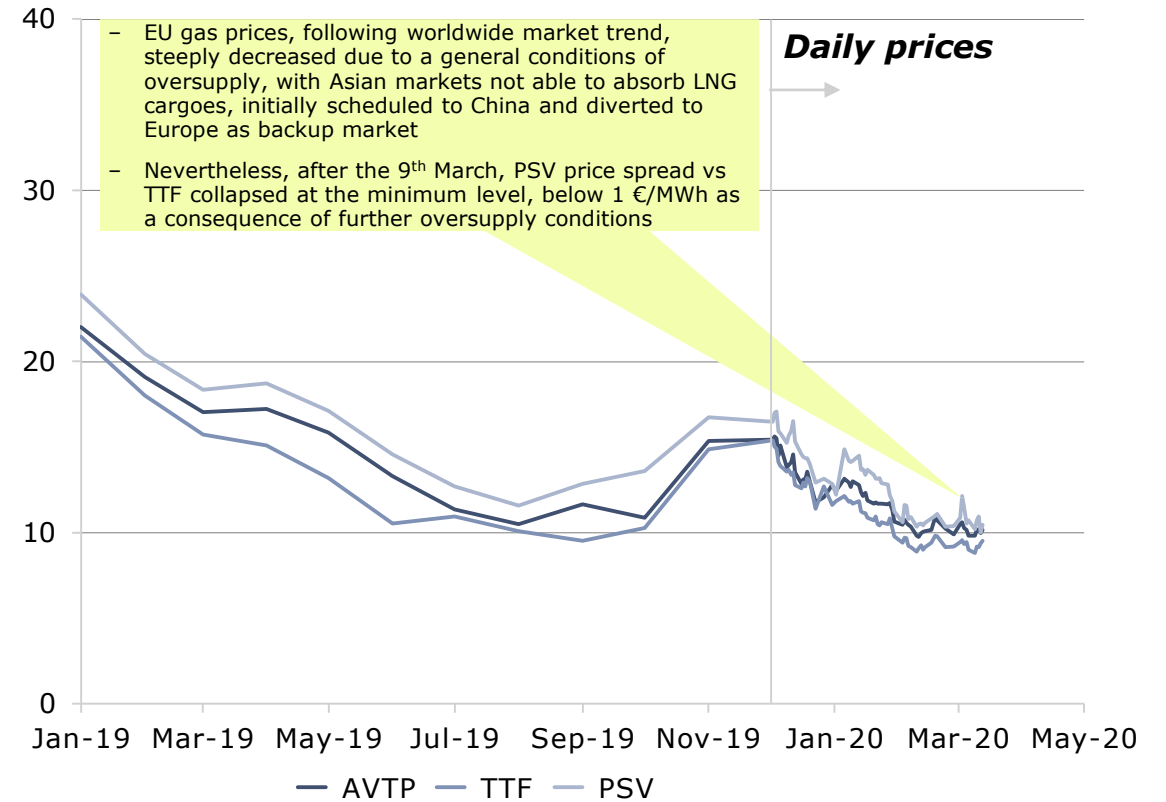
Mcm/day



Source: AFRY Management Consulting elaboration on Snam and Montel data

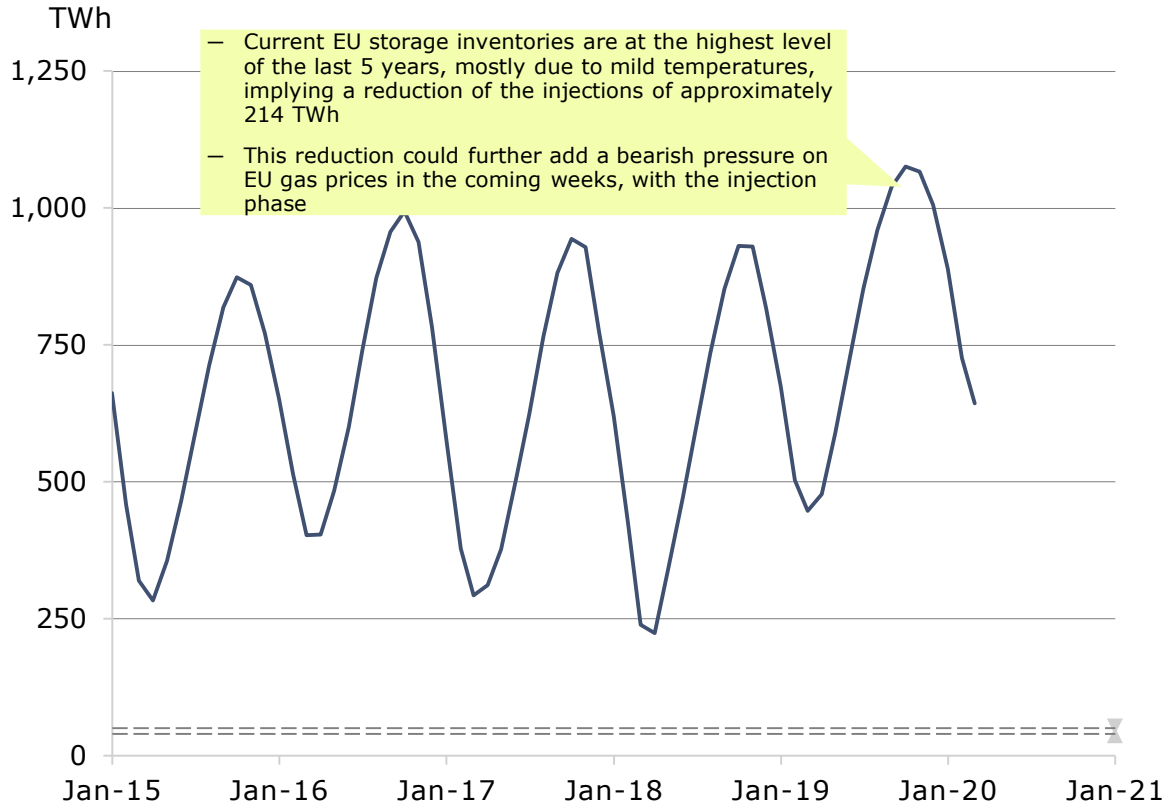
**HUB PRICES**

€/MWh



# Further downside pressure on EU gas prices is expected due to the healthy European storages and slow recovery of Asian gas demand

## GAS STORAGE IN EU



## ASIAN LNG PRICES



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