

Expectation

Oil



Tuesday turned out as a quite bullish day across the markets. Following several years as rivals, the US and OPEC have started negotiations to make some agreements on production due to the ongoing oversupply situation and corona virus crisis. It is still uncertain when and how big such an alliance will be, but just the news about the talks were enough to lift the market yesterday. The Brent front month contract climbed to 27,15 USD/bbl yesterday and could rise further Wednesday.

Gas



There were rising prices on the European gas markets Tuesday, with the most traded contracts rising from the all-time low reached during the previous day. There was an overall positive sentiment across the markets which gas took advantage of as well, and the NCG Cal-21 contract closed at 12,75 EUR/MWh, up 0,32 EUR/MWh against the previous close.

Coal



We saw an increase across the fuel markets yesterday, possibly caused by a large rebound on the financial markets due to stimulus measures from central banks. The coal market edged up as well, as a part of this overall recovery, although the market remains heavily oversupplied. The upturn could continue today but much depends on news regarding the corona virus.

Carbon



Yesterday, we saw a recovery on the European carbon market as well. The gains on the fuel markets also gave carbon traders an opportunity to trade up following a drop of around 35 % on the market during the last two weeks. The market does however remain highly volatile and the even though the first signals Wednesday point towards further gains, we could suddenly see a turnaround.

Hydro



Wednesday morning, we see some slightly similar weather forecasts for the Nordic area, but the overall pattern is unchanged. The next few days look very wet and mild, but both precipitation amounts and temperatures are expected to fall significantly as a high pressure starts dominating from the weekend and on. We see the outlook as neutral for the Nordic power market.

Germany



After dropping to a two-year low in Monday's trading, the German power market recovered as well Tuesday. The upturn on the fuel and carbon markets were of course the main reasons, but volatility remains high as electricity demand is dropping significantly across Europe due to the corona virus. We expect the market to continue up Wednesday due to the bullish sentiment on the carbon market.

Equities



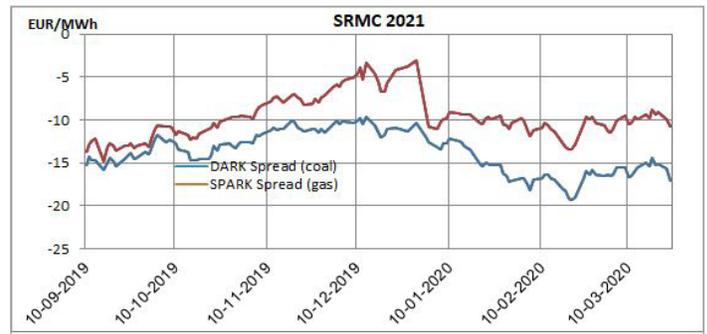
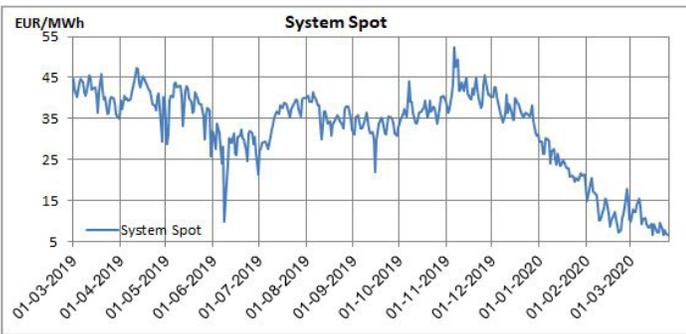
On the financial markets, we suddenly saw a rather sharp recovery Tuesday. The stimulus action taken by governments and central banks appeared to finally trigger a positive reaction on the markets, where the Stoxx600 Index was up nothing less than 8,40 %. We expect fluctuations to remain very high throughout the coming weeks however, and we will likely not see the same kind of optimism Wednesday.

Conclusion



With big gains on the fuel and carbon markets, combined with the rising German power prices, the Nordic power market could have been up for a noticeable upturn as well yesterday, but wetter weather forecasts during the day prevented this. The Q2-20 contract closed at 8,15 EUR/MWh, unchanged from Monday, while the YR-21 contract climbed just a marginal 0,30 EUR/MWh and closed at 21,85 EUR/MWh. We expect a rather similar neutral movement on the short end today, possibly with gains on the long end of the curve.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
23-mar	13,92	16,27	11,87	12,78	17,03	7,61	7,82	April	15,75	17,80	11,50	13,00	19,30	8,25	8,50	April	36,38	23,27	45,23
24-mar	8,97	19,96	6,90	8,12	12,10	6,90	6,92	Q2-20	18,43	20,65	10,15	13,28	19,40	7,02	8,15	Q2-20	36,40	22,88	0,00
25-mar	15,74	23,06	6,78	6,78	8,45	6,65	6,56	2020	28,15	29,70	22,23	24,30	28,90	20,85	20,85	2021	37,86	31,66	0,00



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