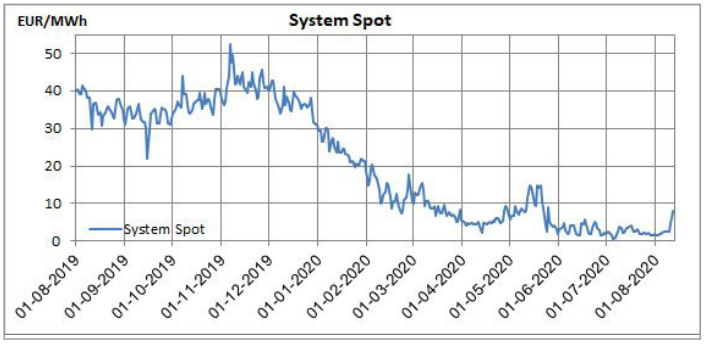
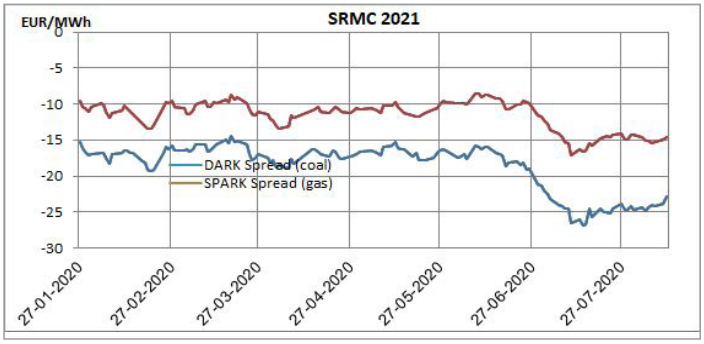
Morning Report August 12, 2020

Energi Danmark SECURITIES

	Expectation	
Oil	→	Tuesday, we saw a minor downturn on the international oil markets. Corona virus concerns and uncertainty regarding a US stimulus package to support recovery following the virus led to falling prices, although the market continues to only see very small daily fluctuations. The Brent front month contract closed at 44,50 USD/bbl, down 0,49 USD/bbl from Monday. We expect the market to continue to trade largely sideways Wednesday.
Gas	→	Once again, European gas prices increased yesterday. Since the beginning of last week, the 2021-contract on the important Dutch gas hub has gained as much as 7 %, as warm weather and limited LNG supply has dominated the market during this period. We do however not see much more upside from here on.
Coal	→	Demand remains very subdued on the European coal markets, and this caused prices to fall further yesterday. The effects of the corona virus pandemic have struck the already suffering coal market and the API 2 Cal-21 contract yesterday fell to a one-month low of 57,55 USD/t, 1,00 USD/t below the previous close.
Carbon	↘	After opening the day bullishly, the European carbon market changed direction late in the day yesterday, and the benchmark contract ended up closing at 26,19 EUR/t, down 0,52 EUR/t for the day. The market continues its rangebound trading within the 25-27 EUR/t window, and this could very well continue for the rest of this week at least.
Hydro	↘	Wednesday morning, the Nordic weather forecasts have turned somewhat wetter and milder compared to yesterday. This week will likely remain dry and warm, but already from Monday, conditions are set to change. This is earlier than what was forecasted yesterday, and the outlook is bearish for the Nordic power market.
Germany	↘	The big downturn on the coal market combined with losses on the European carbon market, led to falling German power prices yesterday. The country's Cal-21 contract fell 0,22 EUR/MWh, closing at 40,32 EUR/MWh. The market initially traded up but changed direction later in the day, despite the continuously warm weather boosting demand in the country. We expect the market to continue downwards today as the carbon market is falling.
Equities	↘	US President Donald Trump's remarks that he might lower taxes, combined with slightly improving corona virus figures in the country, caused a bullish sentiment on the international stock markets yesterday. The market turned negative later in the day however as the negotiations about a new stimulus package appear to have reached a deadlock. The European markets appear to trade down early Wednesday.
Conclusion	↘	The Nordic power market opened Tuesday bearishly, but drier, warmer weather forecasts and a surprisingly high system price for Wednesday of 8,00 EUR/MWh caused the market to edge up later in the day. The Q4-20 contract ended up climbing 0,30 EUR/MWh to 19,10 EUR/MWh, while the YR-21 contract was up 0,31 EUR/MWh, settling at 21,40 EUR/MWh. Wednesday, we consider falling prices as the most likely scenario due to the losses in Germany and the wetter weather forecasts for next week.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
10-aug	36,98	40,93	35,19	39,93	38,63	1,05	4,72	September	33,50	34,80	26,75	32,75	38,25	6,93	11,25	September	41,81	26,21	62,45
11-aug	36,30	41,46	39,19	39,90	39,49	1,57	5,94	Q4-20	32,78	34,93	25,18	29,60	38,90	17,45	19,10	Q4-20	42,35	33,17	0,00
12-aug	35,76	45,35	36,62	45,35	45,65	1,88	8,00	2021	33,15	34,70	24,10	27,15	33,88	21,40	21,40	2021	44,25	35,93	0,00





The Morning report is produced on the basis of information about th Nordic power market from sources which Energi Danmark A/S finds reliable. We attempt to continuously keep data correct and up to date. Energi Danmark A/S assume no responsibility for the accuracy of the contents of this report. Energi Danmark A/S makes reservationsfor typing errors, calculation errors and asume no responibility for any loss or damage arising from the direct or indirect consequences following use of this material. Estimates and recommendations can be changed with no prior notice or warning. The report is confidential and only intended for clients of Energi Danmark A/S. Information contained in the report is of general nature and cannot be defined as advice. Readers are urged to seek closer advice in relation to specific questions. This material is not to be published or in any other way passed on for unauthorized use.