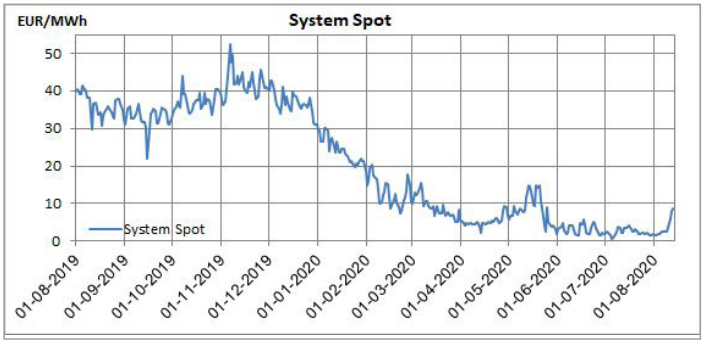
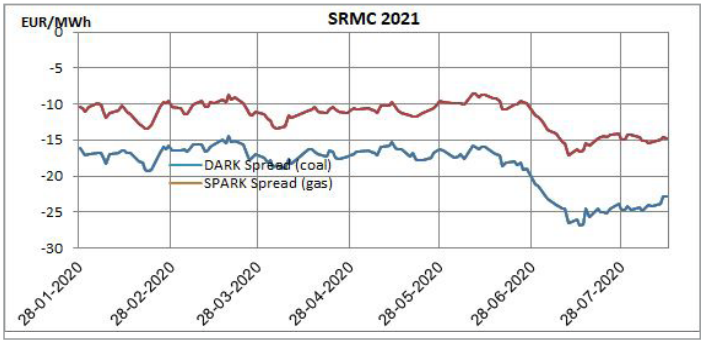
Morning Report August 13, 2020

Energi Danmark SECURITIES

	Expectation	
Oil	→	The crude oil market edged up yesterday, with the Brent front month contract rising above 45 USD/bbl for the first time since March, closing at 45,43 USD/bbl. The market continues its slow but steady recovery, as the market tries to win back the losses from earlier in the year despite the facts that the corona virus concerns continue to limit the upside. Thursday, we expect a largely neutral session.
Gas	→	Gas prices in Europe fell yesterday, as the weather forecasts are starting to indicate an end to the current hot spell across the continent. The market has climbed significantly recently, partly because of the warm weather, and now that the outlook is changing, it is no surprise to see a downwards adjustment.
Coal	↗	European coal prices have fallen quite sharply over the last few days, and the bearish sentiment continued yesterday, due to diminished demand and losses on the related markets. The API 2 Cal-21 contract lost another 0,95 USD/t yesterday, closing at 56,60 USD/t. We expect a rebound Thursday.
Carbon	→	After rising sharply in Tuesday's trading, the carbon emission market edged down again yesterday, continuing to float within the 25-27 EUR/t range. The benchmark contract closed the day at 25,97 EUR/t, and we expect the market to remain within the range for the upcoming time, as we await further signals.
Hydro	↗	Expected precipitation in the Nordic area during the forthcoming ten days is slightly below seasonal average. The rest of this week looks very dry, but conditions will change noticeably next week, where low pressures will cause much more precipitation. In total, the outlook is still drier and warmer than average, a bullish signal for the short end of the Nordic power market.
Germany	↗	The German power market edged down yesterday, as a reaction to the losses on especially the coal market, but on the gas and carbon markets as well. The country's Cal-21 contract closed at 39,35 EUR/MWh, down almost 1 EUR/MWh for the day, with milder weather forecasts for next week adding to the bearish sentiment. We expect an upwards adjustment today.
Equities	↘	Despite concerns about the new stimulus package in the US, the European stock markets still managed to continue the bullish sentiment yesterday. Later in the day, the US markets rose as well, with the S&P 500 climbing to almost record highs. Early Thursday, the first signals from Asia are not quite as positive however, and we expect losses in Europe as well today.
Conclusion	↗	Although the Nordic system price continues to rise due to the dry, warm weather, higher demand and a lower hydro balance surplus, the forward market edged down yesterday. Losses across the fuel and carbon markets, as well as on the German power market led to a bearish session, where the Q4-20 and YR-21 contract closed at 18,30 EUR/MWh and 20,90 EUR/MWh respectively. We expect a recovery Thursday as the weather forecasts remain drier, cooler than average, while the German power market rises as well.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
11-aug	36,30	41,46	39,19	39,90	39,49	1,57	5,94	Septem-	31,43	33,43	25,93	31,93	37,46	6,11	10,43	Septem-	41,33	25,74	62,37
12-aug	35,76	45,35	36,62	45,35	45,65	1,88	8,00	Q4-20	31,90	33,98	24,38	28,80	38,60	16,65	18,30	Q4-20	41,80	32,86	0,00
13-aug	38,59	46,93	31,64	46,93	46,68	2,19	8,73	2021	32,60	34,20	23,65	26,65	33,90	20,90	20,90	2021	43,72	35,72	0,00





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