

Expectation

Oil



After reaching a five-month high in Wednesday's trading, the international oil markets retreated again yesterday. Fluctuations were once again rather small however, and the Brent front month contract was down 0,47 USD/bbl, closing at 44,96 USD/bbl. The market continues to react to signals regarding demand recovery and potential new corona virus waves on the important markets. The market opens with rising prices Friday.

Gas



The current heat wave across large parts of Europe remains a bullish signal for the European gas markets. In Germany, the largest gas consumer in Europe, temperatures are expected 4 C above normal for the rest of the week, boosting gas demand. Both spot and curve prices increased and we expect further gains today.

Coal



On the European coal market, we saw falling prices for a fourth straight session yesterday, although the market appears to stabilize. Coal-fired power generation has become more profitable recently due to the increase on the gas market, but not enough to bring coal ahead of gas. The API 2 Cal-21 contract fell 0,07 USD/t, closing at 56,53 USD/t.

Carbon



The European carbon emission market once again made a u-turn during the day yesterday, closing with falling prices after opening the day bullish. Trading is thin on the market, which does not see a lot of news these days, and we expect the rangebound trading around 25-27 EUR/t to continue for a foreseeable future.

Hydro



Friday morning, there are no major changes to the Nordic weather outlook, which continues to suggest a change to wetter and milder conditions from around the middle of next week. This means that the 10-day forecast has had a dry day removed and a wet day added, a bearish signal for the Nordic power market.

Germany



Thursday, the German power market received mixed signals, with bearish coal offset by the gains on the gas markets and by the warm weather. At the end of the day, the country's Cal-21 contract had climbed 0,15 EUR/MWh, before closing at 39,50 EUR/MWh. We could see further losses Friday due to the late carbon losses yesterday and forecasts signaling milder weather from next week.

Equities



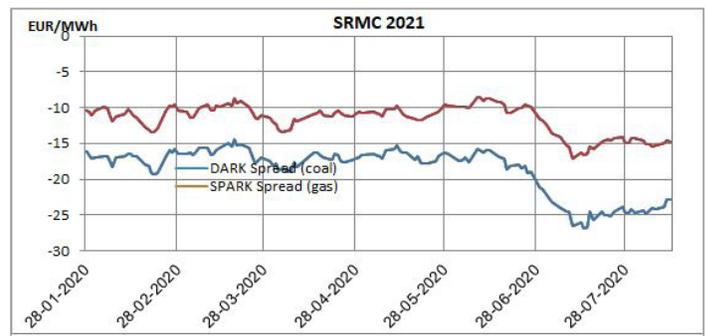
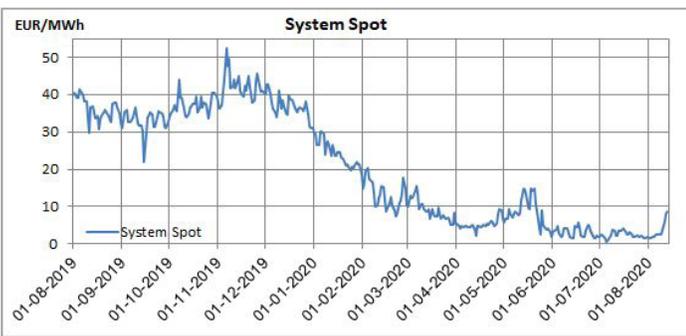
Following three straight days of gains, the European stock markets turned negative yesterday, where the Stoxx600 Index fell 0,63 %. Focus is still on the stalled negotiations about a new helping package to the US economy. Friday, we expect new key figures from the US on retail sales and industrial production, and the first signs from Asia are rather mixed.

Conclusion



Yesterday, the Nordic power market opened bullishly, but prices fell later in the day once the carbon market started trading down. At the end of the day, the Q4-20 contract closed at 18,35 EUR/MWh, up 0,05 EUR/MWh, while the YR-21 contract closed at 20,95 EUR/MWh, also up 0,05 EUR/MWh for the day. Friday, the market opens with mixed signals but we expect falling prices on at least the short end of the curve as milder and wetter weather comes nearer in the weather forecasts.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
12-aug	35,76	45,35	36,62	45,35	45,65	1,88	8,00	Septem-	32,00	33,50	26,00	32,00	37,55	6,00	10,50	Septem-	40,80	25,68	62,42
13-aug	38,59	46,93	31,64	46,93	46,68	2,19	8,73	Q4-20	32,00	34,03	24,43	28,85	38,36	17,13	18,35	Q4-20	41,32	33,04	0,00
14-aug	40,83	43,75	30,65	43,56	39,23	2,52	7,48	2021	32,70	34,30	23,75	26,70	34,55	20,95	20,95	2021	43,24	35,71	0,00



The Morning report is produced on the basis of information about the 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 reservations for typing errors, calculation errors and assume no responsibility 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.