

## Expectation

Oil



Yesterday, international crude oil prices continued to rise. The most recent published data on US inventories showed much larger decline than what the market had expected, and with the country's production currently also affected by the hurricane in the Mexican Gulf, the oversupply on the market is easing. The Brent front month contract closed the day at 42,22 USD/bbl, up 1,69 USD/bbl for the day. Thursday opens with falling prices.

Gas



There were further gains on the European gas markets yesterday. Rising prices on both the carbon and oil market supported gas, and as the oversupply has eased due to lower LNG import and reduced flows from Norway, the market had room for rising prices. Inventory levels across the continent remain well above average however. We could see a downwards adjustment today.

Coal



Decreasing supply has offered bullish support to the European coal market recently. Strikes in Colombia and reduced production from Russia due to the low prices have helped the market recover a bit from the record lows reached early in the summer. The API 2 Cal-21 contract closed Wednesday at 58,50 USD/t, up 0,90 USD/t for the day.

Carbon



All eyes on the carbon market were on Brussels yesterday, where EU Commission President Ursula von der Leyen gave a speech, in which she as expected proposed to raise the EU's emission cut ambitions significantly. The news were already priced in by the market, and the benchmark carbon contract rose just 0,20 EUR/t, settling at 29,99 EUR/t. The market will likely continue to trade around the 30 EUR/t barrier for some time now, testing if we are going to stabilize above this level.

Hydro



Thursday morning, the Nordic weather forecasts continue to suggest very wet weather during the forthcoming ten days. Expected precipitation is almost twice as high as seasonal normal, with unsettled conditions throughout the period. Meanwhile, temperatures are expected around average. The outlook remains bearish for the Nordic power market.

Germany



Despite the gains on the fuel markets, long-term German power prices fell yesterday, responding to the initial losses on the carbon market. The country's Cal-21 contract fell to 43,05 EUR/MWh, although the short end of the curve rose due to low wind power generation forecasts. We expect falling prices today where the carbon and fuel markets open bearishly.

Equities



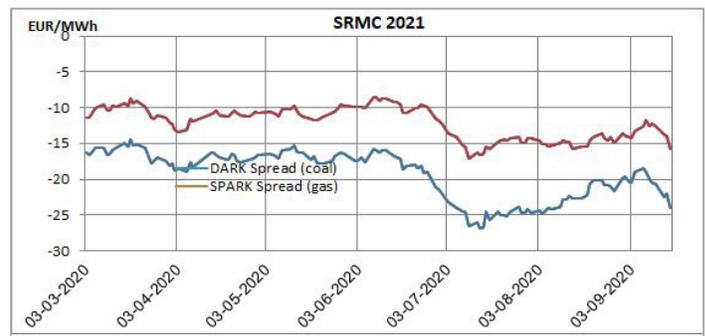
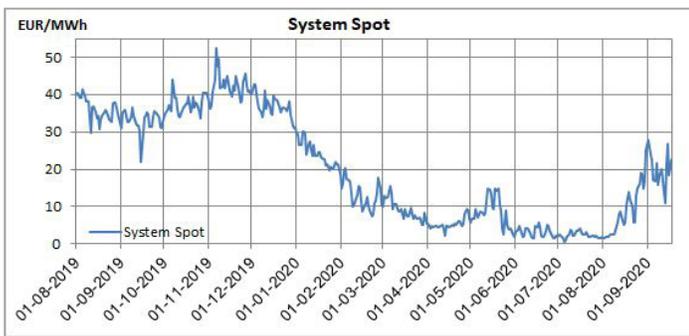
On the financial markets, the European stock indexes rose for a fourth straight session yesterday. There are some hopes on the markets that the economic crisis will not be as bad as expected, following the recent increased growth expectations from the OECD. The markets are down early Thursday however, as the US Fed last night indicated that no new stimulus to the country's economy is on the way anytime soon.

Conclusion



Wednesday, the Nordic power market traded sharply down. A confirmation of the wet weather forecasts for next week, initial losses on the carbon market and a downturn on the German power market were the main reasons. The Q4-20 contract fell 2,30 EUR/MWh to 21,85 EUR/MWh, while the YR-21 contract edged down 1,42 EUR/MWh, settling at 23,60 EUR/MWh. Today, another bearish session seems likely as the weather forecasts remain much wetter than average, while fuels and carbon fall as well.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
15-sep	70,20	73,22	66,28	66,94	66,63	12,13	26,87	September	36,20	37,60	31,55	33,80	37,10	16,85	18,85	September	46,00	33,92	55,90
16-sep	50,76	50,76	46,24	46,24	47,01	11,36	18,51	Q4-20	34,15	35,35	30,85	31,85	38,15	20,60	21,85	Q4-20	46,25	37,85	0,00
17-sep	41,87	42,49	40,80	40,80	40,84	10,47	22,45	2021	34,60	36,05	26,75	29,85	38,23	23,60	23,60	2021	47,57	39,36	0,00



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