

Expectation

Oil



Crude oil prices continued to rise in Friday's trading, reaching the highest level since the onset of the corona virus pandemic back in March last year. The Saudi Arabian decision to cut production still appears to offer bullish support to the market, and a weakening US dollar compared to other leading international currencies adds to the upside. The Brent front month contract closed Friday at 55,99 USD/bbl, and the market opens bearishly today.

Gas



European gas prices continued the uptrend Friday. On the important Dutch TTF hub, the Cal-22 contract reached its highest price level in almost a year. Cold weather across the continent, and prospects of another week with low temperatures, continues to support the upside on the market, with gas demand rising sharply in conditions like these. We expect the market to climb further Monday.

Coal



On the European coal market, we saw rising prices as well yesterday. There was no big change to the fundamentals that have been driving prices upwards for a long time now, with low temperatures, high demand in China and a general optimism across the markets leading to the uptrend.

Carbon



After the carbon market broke above 30 EUR/t back before Christmas, the common opinion was, that 35 EUR/t was now the next target for a market with a lot of bullish signals. The 35 EUR/t were reached Friday last week, with the benchmark contract closing just below this point at the end of the day. The cool weather supports the market but the upside is limited as auction supply is set to increase soon.

Hydro



Since Friday, we have received some milder and wetter Nordic weather forecasts. This week is set to remain relatively cool and dry, but a low pressure from early next week should cause both temperatures and precipitation amounts to increase to around or above normal. The outlook is a bearish signal for the Nordic power market.

Germany



With fuel and carbon markets continuing the uptrend, and the weather forecasts still suggesting below average temperatures the coming weeks, the German power market continued the uptrend Friday. The Cal-22 contract climbed another 0,33 EUR/MWh, closing at 50,93 EUR/MWh, and the market looks set for another increase Monday, where fuel and carbon markets continue upwards.

Equities



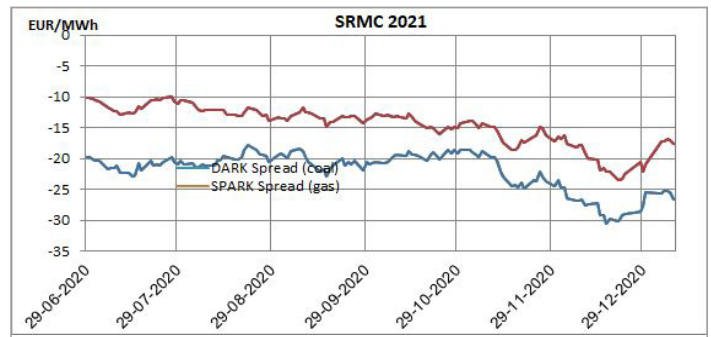
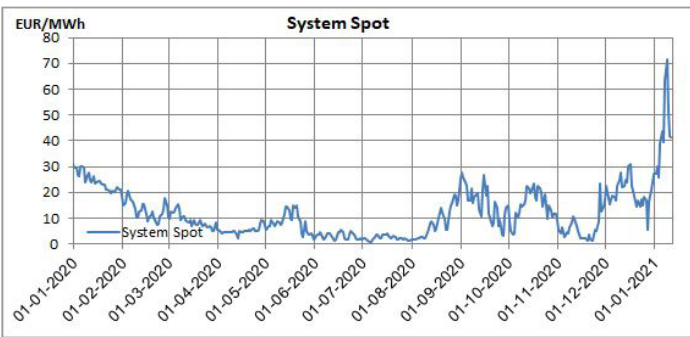
Friday, the European stock markets continued to climb on the signals that the US political system now appears to be coming together to secure a peaceful transition of power next week. The European Stoxx600 Index ended up climbing 0,66 %, marking yet another overall positive week. The US job report for December was a bit more disappointing than expected, which limited the upside on the US markets later in the day. Monday, the first signals are a bit bearish.

Conclusion



With no changes to the weather forecasts and further gains on the fuel and carbon markets as well as on the German power market, Nordic power market continued to rise Friday. Spot prices have surged lately, adding to the upside, as the Q2-21 and YR-21 contracts rose to 27,85 and 28,20 EUR/MWh respectively. Today, we see some counteracting signals, with fuel and carbon offering bullish support, while the weather forecasts are milder and wetter. In total, we do however consider rising prices as the most likely scenario.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
09-jan	58,27	58,33	55,38	56,34	55,38	55,18	51,27	February	47,75	50,75	46,75	50,25	49,55	41,25	40,75	February	54,15	58,02	62,30
10-jan	43,36	43,36	42,02	42,94	42,02	42,02	41,64	Q2-21	42,10	43,00	33,35	39,35	42,45	28,10	27,85	Q2-21	54,02	46,44	0,00
11-jan	41,77	42,28	41,56	42,11	42,87	41,60	41,40	2021	39,95	43,05	31,13	35,95	37,95	29,70	28,20	2022	54,83	45,92	0,00



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