

Expectation

Oil



Although there is optimism surrounding the oil market right now, due to the new administration in the US and the rollout of the corona virus vaccine, the market failed to rise anything noticeable yesterday. New data showed a rather surprising increase in US inventory levels, sparking fears about how long demand will continue to suffer due to the pandemic. The Brent front month contract closed at 56,10 USD/bbl and trades down early Friday.

Gas



LNG supply to Europe has started to improve again following some tight months, but this was not enough to prevent the market from rising yesterday. Low storage levels following a cold winter with low LNG import continue to weigh on the market, and with forecasts suggesting a return of cold weather late next week, we saw a bullish sentiment yesterday.

Coal



On the European coal market, we saw a slightly bearish session yesterday. A sudden increase on the carbon market has made coal less attractive for power generation, limiting demand. The API 2 Cal-22 contract fell a marginal 0,40 USD/t before settling the day at 68,20 USD/t. With cooler weather set to return, the market should be able to stabilize from now on.

Carbon



European carbon prices jumped by almost 5 % yesterday, with the benchmark contract once again closing in at the all-time high levels we saw earlier in January. The upturn was attributed to weather forecasts suggesting another cold spell across Europe, something which would lead to higher demand for fossil fuels. Meanwhile, the market continues to look forward to the return of quota auctions next month. The market opens sideways Friday.

Hydro



Ahead of the weekend, the Nordic weather outlook remains a bit uncertain, with some differing opinions between the different models, as to what development we will see next week. There appears to be some agreement that temperatures will fall again at that point, but how much and for how long is still uncertain from here on.

Germany



A big upturn on the carbon market was the most important price driver on the German power market yesterday, with the country's Cal-22 contract rising to 50,50 EUR/MWh. Temperatures have risen well above average in the country, but could drop back below next week. This offers support to the entire power market, not just the short end of the curve. Friday, carbon will continue to be decisive and we expect a neutral or slightly bullish session.

Equities



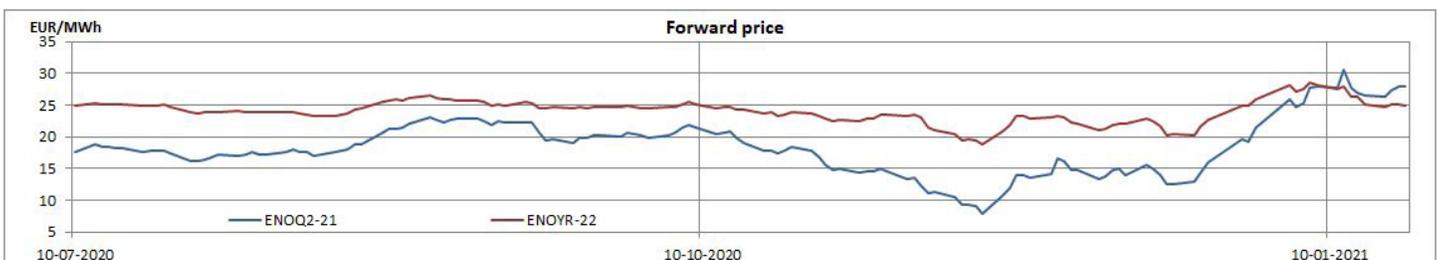
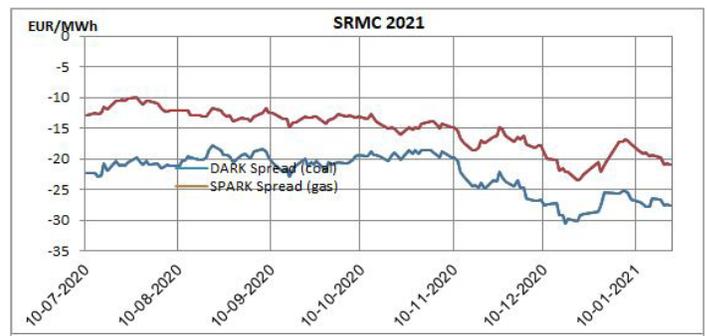
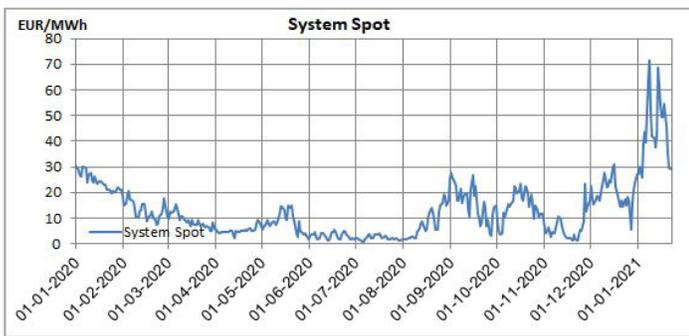
Thursday ended up as a more or less neutral day on the financial markets, with the European Stoxx600 Index closing up a marginal 0,01 % for the day. Negative financial signals from the ECB weighed on the markets, who are also keeping an eye on what Joe Biden uses his first days as US President to do. The first signals Friday are rather bearish.

Conclusion



Despite the rather sharp gains on the carbon market and the German power market, the Nordic power market did not see any noticeable fluctuations yesterday. For a second straight day, the short end of the curve climbed marginally, while the long end of the curve traded slightly down. The Q2-21 and YR-22 contracts closed the day at 27,95 EUR/MWh and 24,95 EUR/MWh respectively. Today, the market will likely open bullishly because it has to make up for some late gains yesterday in Germany, but from then on the development is open as the weather forecasts remain a bit uncertain right now.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
20-jan	34,94	35,94	35,04	35,94	55,05	35,05	35,31	February	48,45	50,13	46,45	49,45	49,75	45,70	42,95	February	51,84	55,75	62,30
21-jan	28,14	30,87	30,87	30,87	38,10	30,97	29,63	Q2-21	41,33	42,58	31,80	35,90	42,55	28,20	27,95	Q2-21	51,70	45,75	0,00
22-jan	29,59	29,81	29,74	29,74	29,74	31,03	29,25	2022	38,15	41,85	27,73	32,90	37,75	26,45	24,95	2022	52,51	45,92	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.