

## Expectation

Oil



Last week ended with a bearish session on the oil market, where the Brent front month contract retreated 0,69 USD/bbl, settling at 55,41 USD/bbl. One year after the corona virus first started impacting the market, it remains the most dominant topic, with ongoing concerns about the low global demand, and uncertainty about when it is going to improve. The vaccine program initially offered some support, but it appears to fade now, as the market opens largely sideways Monday.

Gas



While spot prices fell, the long end of the European gas markets moved largely sideways Friday. Temperatures across Europe are the main driver, and following a mild period, the level should drop to around or below average this week in Western and Central Europe. Eyes are on the long-term forecasts with fears that a new long-lasting cold spell could hit Europe in February.

Coal



Coal demand remains high across Europe due to the relatively cold winter and the high gas prices which favor coal-fired power generation. Friday however, improving supply, combined with low trading activity offset the bullish signs and the API 2 Cal-21 contract ended up closing at 66,56 USD/t, marginally down compared to Thursday. Today, we expect another day with limited fluctuations.

Carbon



This week, the postponed auctions will restart on the European carbon market. The market is anticipating this following a period with technical trading and input from related markets as the main topics. The benchmark contract traded up a marginal 0,13 EUR/t, settling at 34,24 EUR/t, and we expect largely sideways trading until the auction startup on Friday.

Hydro



Following a relatively mild and wet period, we are now about to enter a new cold time in the Nordic area. During the forthcoming 10 days, temperatures are expected around 3-4 degrees below average, with precipitation amounts at less than half of seasonal normal as well. Looking further ahead, there is some uncertainty as always with the long-term forecasts, but the outlook should still be bullish for the Nordic power market today.

Germany



German power prices fell early in Friday's session, before recovering along with the carbon market late in the day. The country's Cal-21 contract ended up climbing 0,28 EUR/MWh, closing at 50,78 EUR/MWh, with rising spot prices adding to the upside. Monday morning, the first signals point towards another upturn, likely because the market still has to adjust to late gains on the carbon market Friday.

Equities



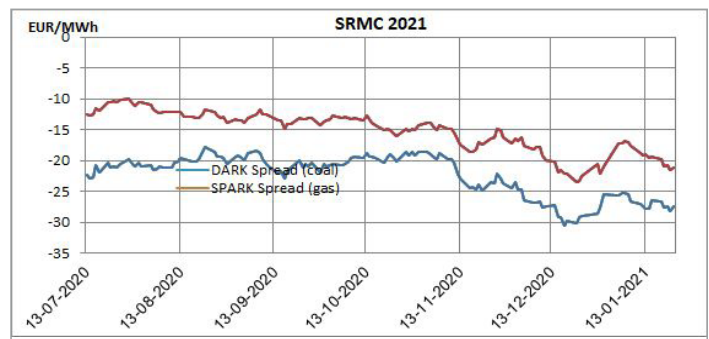
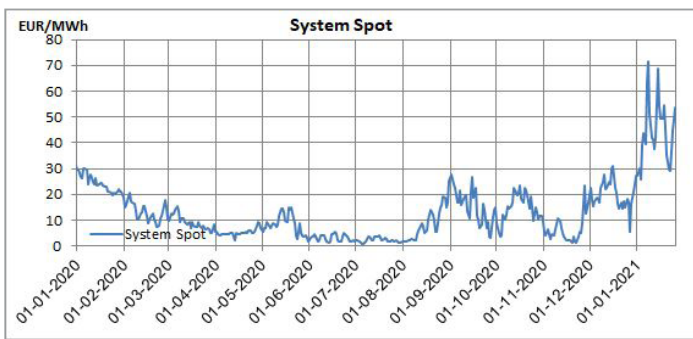
An overall pessimistic week on the financial markets ended with further losses Friday. The markets are getting increasingly worried that the vaccination process will not be as smooth as previously expected. Meanwhile, the extensive lockdown measures across the western world are prolonged, causing further financial concerns. The markets open cautiously optimistic Monday.

Conclusion



Cool weather forecasts, continuously high spot prices and rising prices on the German power market led to a bullish day on the Nordic power market Friday. Temperatures are expected to drop back below average during this week, and the power market reacts bullishly to this. The Q2-21 contract climbed 1,90 EUR/MWh to 29,85 EUR/MWh, while the YR-21 contract was up 0,70 EUR/MWh, closing at 25,65 EUR/MWh. Monday, the cold and dry weather forecasts, combined with the gains in Germany, should cause another bullish session.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
23-jan	49,30	48,34	38,22	43,58	38,22	39,30	36,78	February	50,53	53,28	48,65	51,65	51,25	47,90	45,15	February	52,86	58,28	62,30
24-jan	49,17	49,17	47,83	47,89	47,83	47,83	44,76	Q2-21	42,10	44,15	33,85	38,08	43,05	30,10	29,85	Q2-21	52,48	47,38	0,00
25-jan	60,49	60,49	60,18	60,18	60,26	60,18	53,66	2022	38,58	42,65	28,40	33,60	38,20	27,15	25,65	2022	53,09	46,83	0,00



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