

## Expectation

Oil



Once again, the development was more or less neutral on the international oil markets yesterday. Iraq, one of the largest oil producers within OPEC, has pledged to cut output during the coming months after producing more than they were allowed to in 2020. This offered some bullish support to the market, but the Brent front month contract still only climbed 0,03 USD/bbl, settling at 55,91 USD/bbl. Today, there are no signs that we will see any large fluctuations either.

Gas



Fears of cooler weather during the coming weeks appear to be easing on the gas markets. Yesterday, we saw another downwards correction, as the market appears to adjust a bit following the sharp gains earlier in the month. Temperatures are now expected around average during the coming week, and milder weather in Eastern Asia provides some supply relief to Europe as well.

Coal



Temperatures are set to rise to around normal in Europe in the coming week, and the milder forecasts continued to weigh heavy across the energy markets yesterday. Coal followed the related markets, especially carbon down, and the API 2 Cal-22 contract ended up closing at 67,74 USD/t, the lowest price level of the year so far.

Carbon



On the European carbon market, milder weather forecasts initially caused the European carbon market to edge down yesterday. Later in the day, the prices started rising however, and the benchmark contract closed the day at 33,35 EUR/t, marginally up from Monday. The restart of the quota auctions Friday is an important upcoming event on the market.

Hydro



Today, we see a slightly cooler and drier outlook for the Nordic area than we did yesterday, with temperatures set to fall to 5-6 degrees below average late this week. Next week still looks somewhat uncertain, but the most recent forecasts also indicate it cooler than what has previously been projected. The outlook should be a bullish signal for the Nordic power market today.

Germany



German power prices fell in Tuesday's trading. The losses on the coal and gas markets and the initial losses on the carbon market, all the result of the milder weather outlook, impacted the German power market, where the Cal-22 contract fell to 49,09 EUR/MWh. Wednesday, the fuel markets look bullish which should help the German power market rebound.

Equities



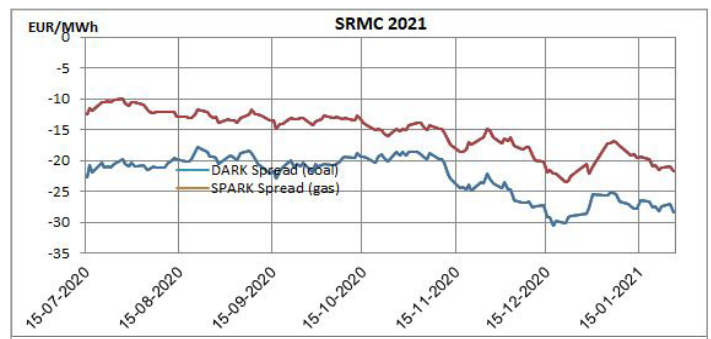
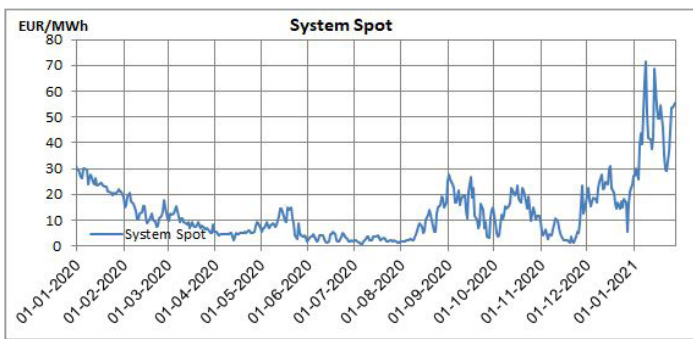
On the financial markets, we saw a bearish start to the day yesterday caused by concerns about the delay of the corona virus vaccine programs in Europe. Later in the day however, the sentiment was more bullish, and at the end of the day, the Stoxx600 Index had climbed 0,63 %. As the stimulus package to the US economy appears to be far away still, the US stock markets edged down yesterday, and today, focus will be on the Fed interest meeting.

Conclusion



There was some uncertainty about the Nordic weather outlook yesterday, but at the end of the day, traders showed more confidence in the milder outlook. Prices fell, with the downside supported by losses on the fuel markets and the German power market. As the market closed, the Q2-21 and YR-22 contracts had fallen to 28,41 EUR/MWh and 24,05 EUR/MWh respectively. Today, we see cooler weather forecasts which should be the decisive factor and cause a bullish sentiment.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
25-jan	60,49	60,49	60,18	60,18	60,26	60,18	53,66	February	48,45	50,45	48,70	50,45	51,28	46,70	43,95	February	52,32	53,54	62,30
26-jan	61,11	61,18	60,06	60,06	60,42	60,06	53,44	Q2-21	39,91	41,04	32,91	36,91	41,81	29,26	28,41	Q2-21	51,91	45,58	0,00
27-jan	57,81	57,91	57,89	57,89	57,92	57,81	55,63	2022	36,65	40,60	26,93	31,95	36,85	26,03	24,05	2022	52,40	45,77	0,00



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