

## Expectation

Oil



Monday, the week opened with a big downturn on the crude oil market. Over the weekend, OPEC and their allied agreed on a new production deal, which will see the organization's member states increase output gradually over the coming months. This was not quite what the market had expected, as the Brent front month contract fell almost 5 USD/bbl as a result of the news, settling at 68,62 USD/bbl. Tuesday, the market opens with a rebound, although only smaller compared to yesterday's losses.

Gas



Big losses on the crude oil market was not enough to stop the bullish run on the gas markets yesterday. The factors that have driven up gas prices recently are still weighing on the market, particularly high demand in Asia, low LNG supply, low wind power generation and concerns regarding the Nord Stream 2 project. Once again, front month prices rose to an all-time high as a result.

Coal



The European coal market also continued the uptrend yesterday, with the API 2 Cal-22 contract reaching a three-year high during the day, settling at 93,48 USD/t. As with the gas market, demand is still soaring in China, and supply issues in South Africa have added to the bullish sentiment recently. We expect a calmer session today.

Carbon



This week opened with yet another bearish session on the carbon market, although the market appears range-bound following last week's announcement of the European Commission's new climate action plan. The benchmark contract closed the day at 52,41 EUR/t, and we expect it to trade just above 50 EUR/t throughout this week.

Hydro



Tuesday morning, the weather forecasts are leaning towards a somewhat wetter path than what we saw yesterday, with chances of unsettled weather and high precipitation amounts during next week as well. In total, the 10-day outlook is just around average in terms of rain, and the wetter outlook is bearish for the Nordic power market.

Germany



On the German power market, the week opened with rising prices. The sentiment on the fuel markets remains bullish, and even though the carbon market was slightly down, it was not enough to prevent German power from rising. The country's Cal-22 contract closed at 71,38 EUR/MWh. Tuesday, the market seems ready for a downwards adjustment.

Equities



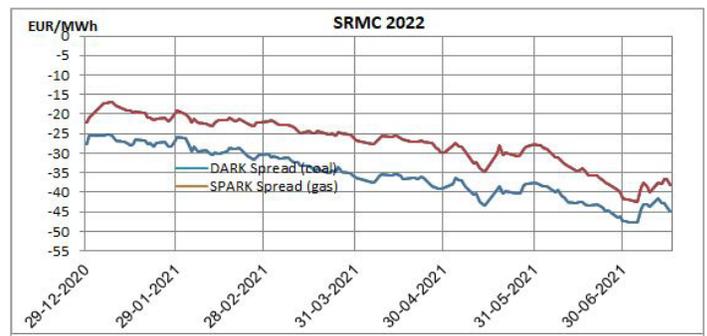
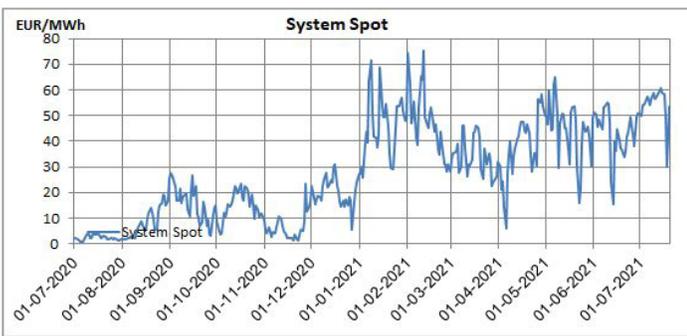
This week opened like last week closed, with losses across the financial markets. The Stoxx600 Index fell as much as 2,3 %, and the US markets continued down as well, as the fears of a new corona virus wave have started seriously affecting the markets. Today, the first signals from Asia point towards a fifth straight day of losses.

Conclusion



There were no big fluctuations on the Nordic power market Monday. Drier weather forecasts helped the short end of the Nordic power market climb marginally, as the Q4-21 contract rose 0,50 EUR/MWh and closed at 46,50 EUR/MWh. On the long end of the curve, the YR-22 contract was down just 0,05 EUR/MWh before settling at 31,85 EUR/MWh. Tuesday, we expect falling prices across the curve, as the weather forecasts have turned wetter and the German power market appears to fall rather sharply.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
18-jul	38,77	44,07	32,91	32,91	36,96	39,90	30,26	August	83,70	84,00	58,50	78,00	70,00	57,45	51,50	August	89,14	87,36	62,30
19-jul	88,27	88,30	59,89	72,91	81,81	58,69	53,63	Q4-21	78,70	81,63	50,00	70,50	57,50	53,15	46,50	Q4-21	85,53	91,82	0,00
20-jul	73,66	91,69	56,07	56,07	73,42	59,11	53,23	2022	60,18	62,80	34,98	55,10	41,95	38,75	31,85	2022	76,90	70,31	0,00



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