

## Expectation

Oil



After a session with gains Thursday, the oil market slipped into red once more Friday. The Brent front month ended the week at 72,61 USD/bbl, down 0,42 USD/bbl on the day. Even though earlier expectations of robust demand were lending support, a weaker than expected U.S. jobs report was recognised as a driving force leading to some losses. This morning, prices are further down on Saudi Arabia slashing crude prices for Asian buyers over the weekend, hence indicating that demand concerns remain intact and supply appears sufficient for now. Saudi Arabia's cut in prices could weigh on the sentiment today.

Gas



European gas markets saw an attempt Friday to build further on Thursday's gains, following the losses by the middle of last week. But even though Thursday's highs could temporarily be surpassed, eventually the price varied in a somewhat neutral range. The fundamental picture remains rather unchanged with low storage levels across Europe and the uncertainty around the upstart of Nord Stream 2, despite Gazprom's comments to commence flows still this year. This morning the market appears set to challenge last week's highs once more.

Coal



European coal prices extended their gains once more on Friday, after Thursday saw some strong drive higher already again. The API2 Cal-22 contract settled the day at 118,94 USD/t, up 0,76 USD/t on the day. The driving factors remain the same, a shortage in physical supply in general as well as support from strong gas prices. We expect the market to be driven higher again today.

Carbon



Once more, the carbon market set a new record high Friday, at 62,45 EUR/t for now. The Dec '21 benchmark contract eventually concluded the day at 61,67 EUR/t, up 0,37 EUR/t from Thursday's closing trade. Next to reduced allowances supply, support is coming from a strong energy sector as well, where gas and power markets book gains. Trading today promptly starts the new week with a new temporary high at 63,00 EUR/t.

Hydro



A new week, which starts off with weather forecasts around normal, where high pressure during the week slowly moves to the southeast. Scattered showers will occur, but there is no real dynamic out in the Atlantic Sea to give a boost to the hydrological situation. Beginning of next week, a high pressure is coming in from the northwest, making it slightly drier again. GFS sees a stronger impact from the high pressure, so it is slightly more bullish than the EC solution. Temperatures are above normal to start with, but slowly trending towards normal in the end of the forecasts. Precipitation levels are around 7 TWh for the coming 14 days with a hydrological deficit of roughly 15 TWh, but growing towards 20 TWh.

Germany



As the emissions market set a new high and with gas markets lending support once more, the German power market booked gains once more Friday. The front month initially advanced to a new high at 110,00 EUR/MWh, before ending the week at 107,10 EUR/MWh (+1,35 EUR/MWh on the day). The front quarter eventually slipped 0,05 EUR/MWh to end at 111,10 EUR/MWh, while the front year with its closing trade at 89,40 EUR/MWh gained 0,30 EUR/MWh. As gas and emissions continue their drive, the German power market is bound to follow suit.

Equities



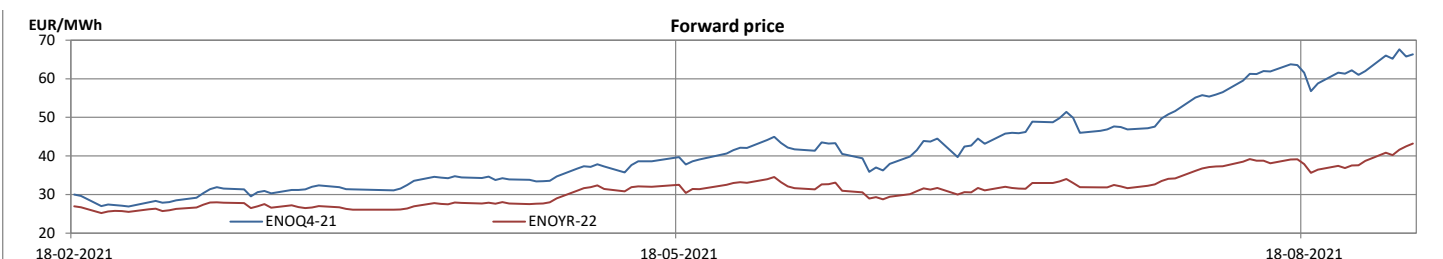
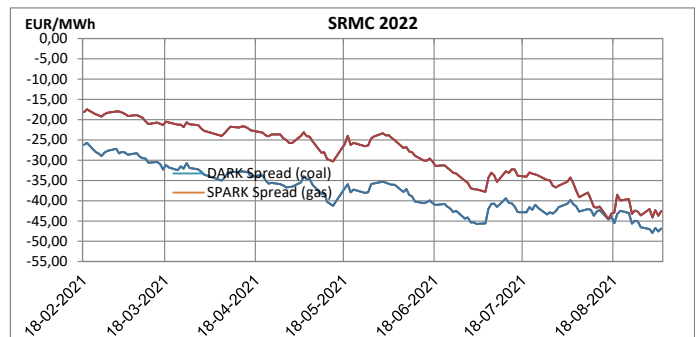
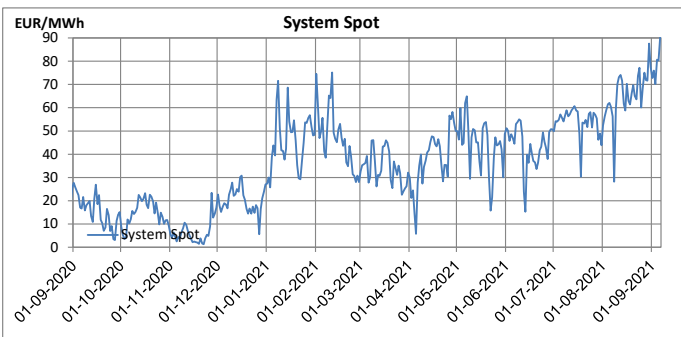
Today, the Japan's Topix has risen to its highest level in 31-year. Also, the Nikkei has increased because of an improved outlook. In China, there is speculation that stimulus efforts will grow. In Europe, futures prices indicate only small movements. The ECB is expected to reduce PEPP (pandemic emergency purchase program) in the fourth quarter. All in all, we expect some positive vibration to the market at least.

Conclusion



Initially, the front month contract for the Nordics region, softened on Friday, taking its cue from somewhat wetter forecasts. As the overall situation remains rather dry though, and with the energy sector in general remaining strong, Nordics power prices eventually shifted higher once more. Oct-21 gained 0,98 EUR/MWh to settle at 67,88 EUR/MWh. The front quarter added 0,60 EUR/MWh to 66,35 EUR/MWh, while YR-22 at 43,20 EUR/MWh gained 0,70 EUR/MWh on the day. With a bullish energy sector this morning and the current hydro outlook, the Nordics market opens strongly to the upside.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS
04-sep	106,88	106,88	75,18	106,11	66,08	97,42	80,65	October	96,63	99,63	70,88	90,38	76,13	77,38	67,88
05-sep	97,63	97,77	70,86	96,14	70,51	95,66	80,38	Q4-21	96,35	99,35	70,20	90,35	75,28	80,85	66,35
06-sep	127,82	127,36	98,37	126,45	98,37	115,23	90,91	2022	75,70	79,83	45,83	68,20	55,18	54,20	43,20



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