

Expectation

Oil



International crude oil prices edged down for a second straight day yesterday. Although the market remains optimistic about a post-coronavirus demand recovery, fears of increasing inflation rates and tighter monetary policies limit the upside right now. The Brent front month contract ended up closing at 78,64 USD/bbl, down slightly from Wednesday, and prices continue to fall early Thursday amid a surprise increase in US inventory levels.

Gas



European gas prices continued to rise rapidly yesterday. Flows from Russia are reduced and the supply fears are growing further following a fire on a Malaysian LNG complex yesterday. Both on the day ahead market and on long-term contracts, prices are climbing rapidly, and the fiercely bullish sentiment affects all the related markets heavily.

Coal



On the European coal market, we saw a new significant price jump yesterday. The API 2 Cal-22 contract followed the bullish gas markets upwards, closing at 149,42 USD/t, 3,03 USD/t above the previous close. The market faces its own supply issues as well, and demand in China is still high as the country continues to recover from the coronavirus pandemic.

Carbon



Wednesday, the European carbon market also rebounded following the losses in the previous session. Even though the market climbed, the gains were rather limited compared to the huge upturn on the related coal and gas markets, with the benchmark contract rising only 0,96 EUR/t, closing at 62,88 EUR/t. The market opens bearishly today, but could very well win back the losses later in the day.

Hydro



During Wednesday, the Nordic weather forecasts turned even wetter, which led to a fierce downturn on the Nordic power market. Expected precipitation during the next ten days is now more than twice as much as seasonal normal, and the deficit on the hydro balance will continue to decline, after reaching a 10 year high earlier this month.

Germany



The uptrend continued steadily on the German power market yesterday, where the Cal-22 contract extended its record highs, rising 1,16 EUR/MWh to 117,81 EUR/MWh. As coal and gas continue their rapid surge upwards, German power follows suit, and there are no technical barriers to prevent further gains since we are already past all previous highs. We expect another very bullish session Thursday.

Equities



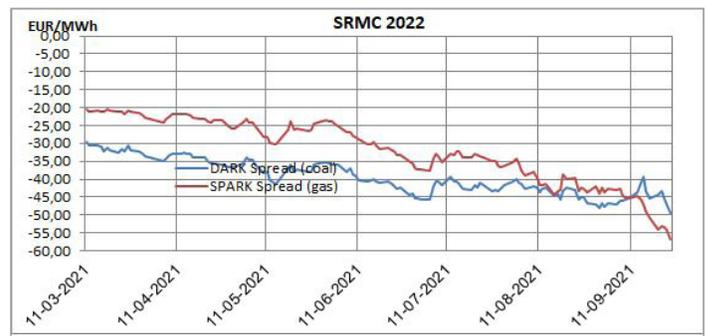
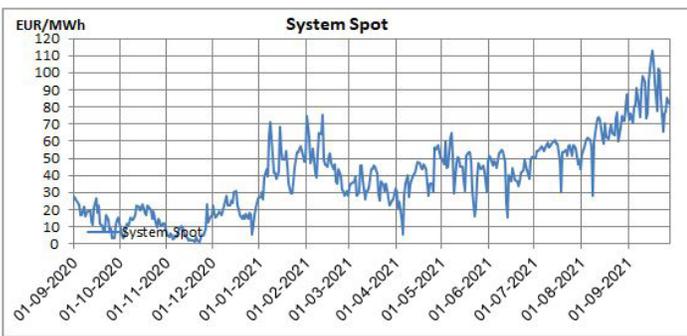
Following several days of losses, the international stock markets managed to find foothold yesterday. The markets might have felt that the previous losses were a bit overdone, and adjusted a bit up to correct for this. Today, focus will be on unemployment figures from the EU, as the first signals from the Asian markets are rather mixed.

Conclusion



A big downturn struck the Nordic power market yesterday. The weather forecasts continue to show significantly wetter weather than normal for this time of the year, which is a bearish signal for a Nordic power market, which has climbed due to fears of low hydro supply. As a result, we saw sharply falling prices, with the Q1-22 and YR-22 contracts dropping to 63,20 EUR/MWh and 43,05 EUR/MWh respectively. Today, we consider a rebound as the most likely scenario, since the German power market rises rapidly.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS
28-sep	154,92	154,54	97,13	150,28	97,68	109,50	90,08	October	124,00	131,00	66,00	110,00	74,25	87,00	62,00
29-sep	128,29	126,33	91,53	119,28	107,89	103,90	87,66	Q4-21	122,50	129,00	67,75	109,00	78,63	89,50	62,00
30-sep	94,36	89,71	80,22	89,71	94,31	93,64	73,93	2022	90,80	99,30	45,66	93,55	63,93	58,30	43,05



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