

Expectation

- Oil

→

Following several days of rising prices, the international oil market made a minor downwards adjustment yesterday. The market actually opened bullishly, but new data showing an increase in US inventory levels led to a downturn later in the session. The Brent front month contract remains close to the three-year highs from earlier in the week however, closing yesterday at 81,08 USD/bbl. We expect prices to consolidate above 80 USD/bbl today.
- Gas

↓

Yesterday, we saw another highly dramatic session on the European gas markets. Early in the day, the rapid gains continued, with all contracts extending the all-time highs from the previous day. Later in the day however, prices started dropping sharply, another documentation as to how the market is panicking right now. The losses late in the day were attributed to credit fears as exchanges increase their margins in the volatile market. Following the late collapse yesterday, we expect the market to continue down today, but everything seems possible at this point.
- Coal

↓

The huge fluctuations on the gas markets affected all related markets once again yesterday. The coal market followed the development, continuing the uptrend early in the day, before dropping sharply in the afternoon. Apart from the credit fears, the losses are likely the result of some stop-loss triggering among speculative investors.
- Carbon

→

European carbon prices also edged down yesterday, but unlike the fuel markets, carbon was actually down the entire day, and not only in the afternoon. The benchmark contract dropped more than 5 EUR/t during the day and settled at 59,18 EUR/t. As long as the high volatility continues on the fuel markets, we will continue to see a nervous carbon market as well.
- Hydro

→

Expected precipitation in the Nordic area during the forthcoming ten days is 8,5 TWh, marginally above seasonal average. This is more or less unchanged from yesterday, and the hydro balance deficit has stopped decreasing, stabilizing at around -16 TWh. The unchanged outlook is more or less neutral for the Nordic power market.
- Germany

↓

The sharp fluctuations on the German power market from earlier this week was overshadowed by some completely extreme events yesterday. Early in the day, the winter fuel supply panic caused the country's Q1-21 contract to rise nothing less than 50 EUR/MWh, while the Cal-22 contract was up 15 EUR/MWh. In a matter of a few hours late in the day however, the enormous gains were completely erased, due to the abovementioned sell-off. The Cal-22 contract ended up falling 23 EUR/MWh for the day and almost 40 EUR/MWh since the peak early in the day. The big fluctuations will most certainly continue today where we expect the downturn to continue.
- Equities

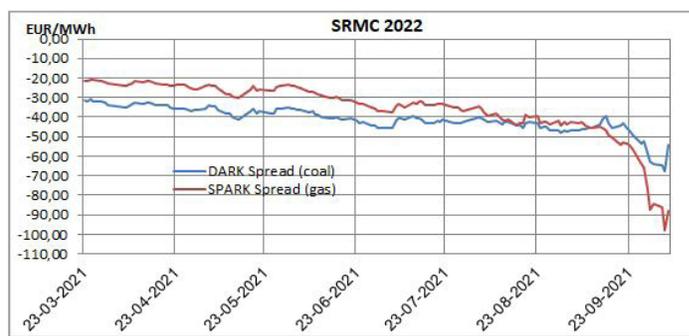
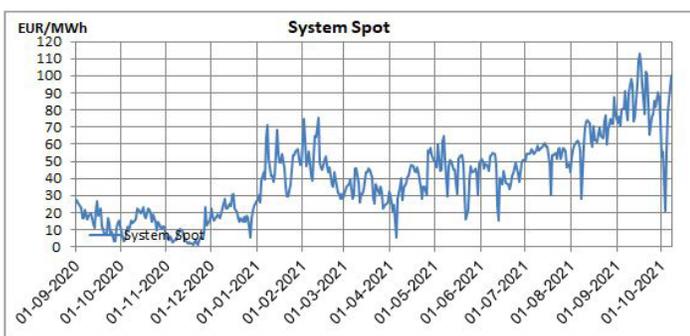
↗

The panic-like situation on the energy markets affected the European stock markets as well yesterday. The stock markets fear, that the rising energy prices will affect the economic growth in Europe in the wake of the corona virus. The Stoxx600 Index ended up losing 2,0 % as a result, while the US markets managed to avoid losses later in the day. Early Thursday, the signals are a bit more positive.
- Conclusion

↓

Like the fuel markets and the German power market, Nordic power rose early Wednesday before retreating later in the day. Once again however, fluctuations were much smaller than in Germany, with the Q1-22 contract falling 4,80 EUR/MWh to 71,20 EUR/MWh, while the YR-22 contract fell 4,10 EUR/MWh to 42,90 EUR/MWh. The highly nervous situation on the market is set to continue today, where we expect low buying interest in the wake of yesterday's collapse, and further losses appear as the most likely scenario.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS
05-okt	158,24	157,90	68,05	124,42	64,74	97,24	78,11	November	170,00	174,00	86,00	136,00	90,50	108,50	78,00
06-okt	184,11	184,12	83,22	106,10	69,23	103,97	85,94	Q1-22	145,45	153,20	77,70	142,20	92,00	99,70	71,20
07-okt	302,53	302,53	96,40	220,45	94,89	120,42	100,32	2022	108,90	112,90	46,15	110,40	60,40	59,40	42,90



The Morning report is produced on the basis of information about the Nordic power market from sources which Energi Danmark A/S finds reliable. We attempt to continuously keep data correct and up to date. Energi Danmark A/S assume no responsibility for the accuracy of the contents of this report. Energi Danmark A/S makes reservations for typing errors, calculation errors and assume no responsibility for any loss or damage arising from the direct or indirect consequences following use of this material. Estimates and recommendations can be changed with no prior notice or warning. The report is confidential and only intended for clients of Energi Danmark A/S. Information contained in the report is of general nature and cannot be defined as advice. Readers are urged to seek closer advice in relation to specific questions. This material is not to be published or in any other way passed on for unauthorized use.