

Expectation

Oil



Friday, international oil prices climbed for a second straight day, rising to close to the three-year high from earlier in the week. From the US, government spokespeople denied the rumors that the country would start releasing reserve oil, something which was bullishly received by the market. Meanwhile, the market continues to keep an eye on the big fluctuations on the energy market as a whole. Monday, the market will face a rather quiet day due to holiday in the US, but prices keep on rising in the limited trading activity.

Gas



Another extraordinary week on the European gas market came to an end with another downturn Friday. A big chunk of the extreme gains from earlier in the month have been erased in a matter of just three days. The big fluctuations seem a bit exaggerated, as they did when the market climbed, and apart from panic, they are attributed to expectations of higher supply, both from Russia and LNG from other continents.

Coal



On the European coal market, the sell-off continued Friday, where prices retreated sharply for a third straight day. The panic-like big fluctuations still appear to originate on the gas market, although the coal market has some supply concerns itself. The API 2 Cal-22 contract fell to 133,88 USD/t and has now dropped more than 50 USD/t in a matter of just three days. The downtrend could very well continue today.

Carbon



European carbon prices dropped to their lowest level in more than a month Friday, with the benchmark contract settling at 58,33 EUR/t. With massive losses on both the coal and gas markets, carbon adjusts down as well, and even though fluctuations are not as high as on the fuel markets, volatility should remain high for carbon as well this week.

Hydro



Over the weekend, the Nordic weather forecasts have not changed a lot. They continue to suggest overall wet conditions for the coming weeks, but with some periods of high pressure weather, for instance the next couple of days. The outlook is noticeable above average in terms of precipitation, which should be a bearish signal for the Nordic power market.

Germany



Losses on the fuel markets and on the European carbon market led to another day of sharp losses on the German power market Friday. Like earlier in the week, prices initially rose early in the day, before dropping sharply later in the session, as the Cal-22 contract fell to 118,95 EUR/MWh. We could very well see further losses today, as the fuel markets continue to fall.

Equities



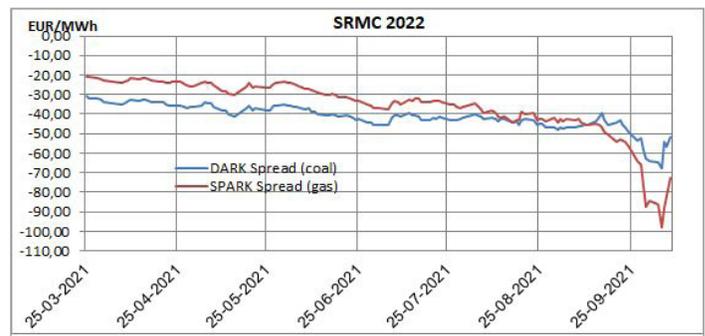
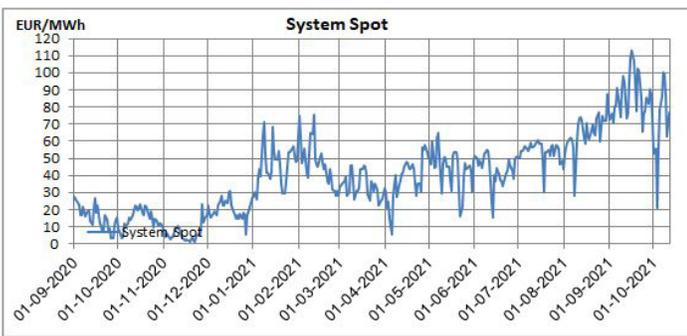
On the financial markets, Friday was another bearish session, as investors are getting increasingly concerned about the pace of the economic recovery post-corona. Higher inflation and a disappointing US job report added to the negative sentiment, with both European and US markets edging down. Early Monday, the European futures are largely neutral while the market is shut in the US today due to public holiday.

Conclusion



After an overall bearish week on the Nordic forward market, most contracts recovered modestly in Friday's session, with focus still on the hydrological situation, while the big fluctuations in Germany are pushed a bit into the background. The Q1-22 and YR-22 contracts climbed to 65,40 EUR/MWh and 41,30 EUR/MWh respectively, cutting the extremely high spread to Germany a bit. Today, we expect a turnaround and falling prices, both in response to the wet weather forecasts and as a reaction to the late losses on the German power market Friday.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS
09-okt	139,49	139,49	79,14	102,15	79,14	113,73	86,94	November	154,25	156,25	85,25	133,25	85,75	106,05	75,25
10-okt	141,58	130,85	34,47	40,41	34,47	110,00	62,69	Q1-22	136,40	140,40	72,15	141,40	86,65	94,20	65,40
11-okt	113,03	107,00	83,49	92,10	81,33	108,95	76,99	2022	101,80	105,55	44,80	106,30	57,95	57,55	41,30



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