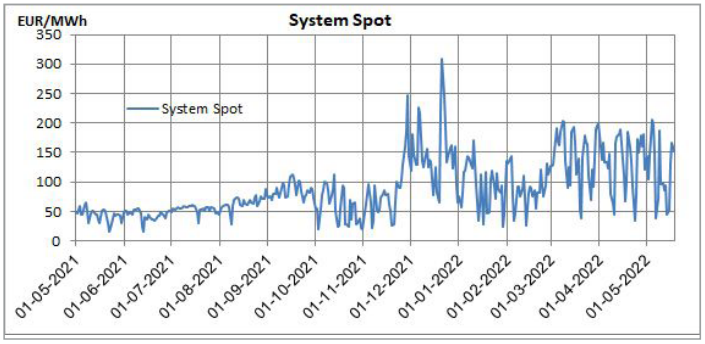
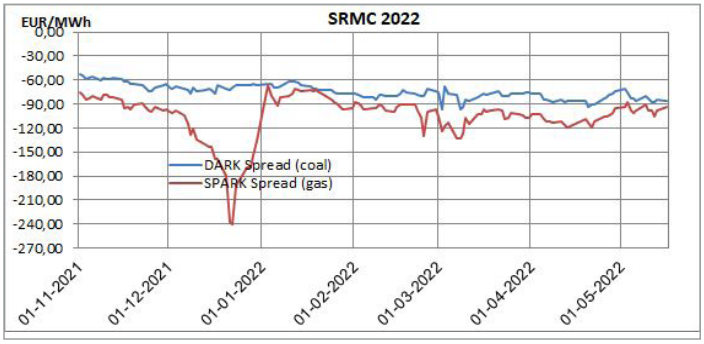
Morning Report May 18 2022

Energi Danmark SECURITIES

	Expectation	
Oil	→	Following a price climb of around 10 % during the previous week, the international oil market experienced a downwards adjustment yesterday. The downturn was attributed to global economic concerns and expectations of higher global production. Furthermore, the EU does not seem able to agree on a ban on Russian oil, which is also a bearish signal for the market. The market opens largely sideways Wednesday.
Gas	↘	Tuesday opened bearishly on the European gas market, where the most important topic remains that gas so far continues to flow from Russia to the EU. The EU has allowed gas buyers to purchase their Russian gas in rubles without breaking sanctions, and the market interprets this as a de-escalation of the conflict. Prices rose later in the day however, but we consider falling prices more likely Wednesday.
Coal	↘	On the European coal market, prices rose to the highest level in more than two months yesterday, with the API 2 2023 contract up around 10 USD/t, settling at 247,90 USD/t. The market still faces challenges amid the EU decision to ban Russian coal, searching for other places to buy the 40 % chunk of the EU coal consumption which Russia has covered so far.
Carbon	↘	As expected, the European Parliament yesterday approved a new reform of the ETS scheme, which includes adding more sectors to the ETS and phasing out free allowances faster than previously planned. As a result, the market rose to the highest level since the war in Ukraine broke out, with the benchmark contract closing at 91,72 EUR/t. Today however, prices fall back again and we expect the market to settle in the old trading range just below 90 EUR/t.
Hydro	→	Wednesday morning, there are no major changes to the Nordic weather outlook, which continues to suggest temperatures above average for most of the next two weeks, while both precipitation and wind power generation will be around or slightly below normal. The outlook should not cause any big fluctuations on the Nordic power market today.
Germany	↘	As both European coal and carbon prices rose to the highest level in several months yesterday, the German power market was up for a bullish session as well. The country's 2023 contract ended up closing at a record-high 232 EUR/MWh, but opens Wednesday bearishly amid retreating fuel and carbon markets.
Equities	→	For a third straight day, the European stock markets traded up yesterday, continuing to recover at least parts of the losses from the past couple of months. The optimism has been attributed to loosened Covid-restrictions in China, and the bullish sentiment continued later in the day in the US, but the first signals early Wednesday from Europe are largely neutral.
Conclusion	→	The Nordic power market was closed yesterday due to national holiday in Norway, Today, the market has to take yesterday's increases in Germany into account, but since the German market retreats again early Wednesday, the impact on the Nordic market is reduced a bit. The market opens largely sideways and we expect it to follow developments on the German market.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS
16-maj	208,39	210,67	123,78	143,53	128,86	176,69	131,54	June	187,25	183,25	70,25	136,25	72,25	151,25	81,25
17-maj	225,05	225,05	124,69	182,62	157,32	179,47	166,29	Q3-22	224,75	221,45	84,75	149,75	89,00	147,75	87,75
18-maj	193,44	198,03	89,65	192,38	174,32	178,77	152,13	2023	180,00	181,00	74,00	143,00	78,00	109,63	76,00





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