

Expectation

Oil



Oil prices saw a marked pull-back yesterday, booking losses of around 3 %. The Brent front month contract settled the session at 109,03 USD/bbl, down 3,42 USD/bbl. OPEC+ decided to stick to the recent regime of unwinding production cuts and avoided discussing their approach from September onwards. This uncertainty as well as concerns about aggressive rate hikes by the Federal Reserve leading to a U.S. recession are weighing on the sentiment. This morning, prices are easing further.

Gas



Yesterday, it was another strong day across the gas markets, where the risk of a full gas supply cut from Russia intensified after it was announced that German Uniper is in talks with the German government for potential financial support in case they do not receive enough gas. Prices retracted slightly at the end of the day. With the current state of affairs, there continues to be upwards momentum.

Coal



The European coal market followed the gas prices up as demand keeps rising. News from the Danish company Orsted informed that because of a tight biomass market it will switch to coal during this summer. The API Cal-23 rose almost 7 USD/t, before falling to settle the session at 252 USD/t. As stock levels remain high, the outlook today looks more or less neutral.

Carbon



European carbon prices saw an upside for the fourth day in a row yesterday, The Dec '22 benchmark's settlement was assessed at 90,16 EUR/t, 1,81 EUR/t up from Wednesday. Lately, the focus seems to remain mainly on higher coal-burn in the near future, supporting the price increase. Also, the uncertainty around upcoming negotiations regarding the EU ETS seems to underpin prices for now. This morning the market opens softer, we might see the apparent negative sentiment in equities being a driver today.

Hydro



A low pressure from west, will bring cooler conditions from tomorrow until the end of next week. It also brings precipitation levels well above normal, with 9-11 TWh during the next 10 days (4 TWh above reference). During the span there is a high pressure south-west keeping other low pressures away from the Nordic area, indicating a risk of less precipitation and higher temperatures.

Germany



Concerns about the future gas supply situation, that lifted gas contracts yesterday, also pushed the German power forward curve higher. Amid this development, the Cal 2023 contract was lifted to a new all-time high, now at 298,25 EUR/MWh. The nervousness in the market remains and despite the fact, that current price levels indicate a rather significant risk premium built up already, we expect the market to rather face more upside than settling down.

Equities



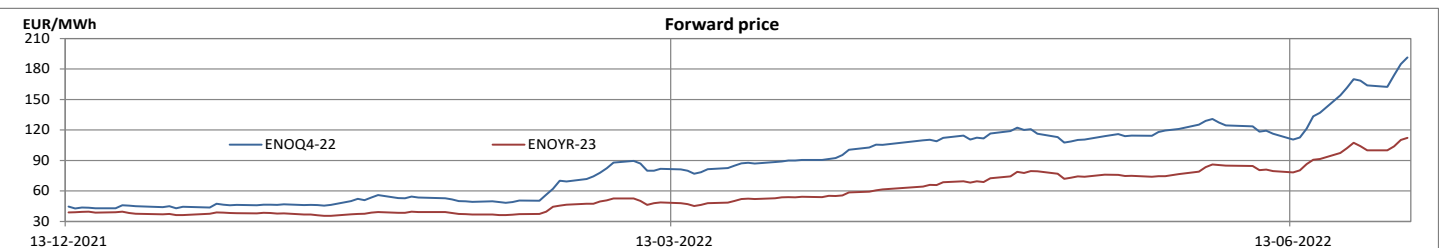
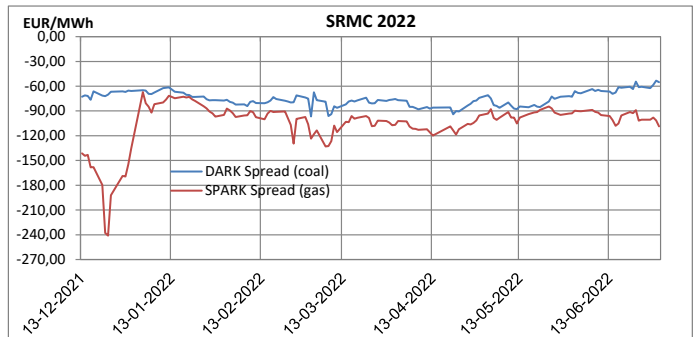
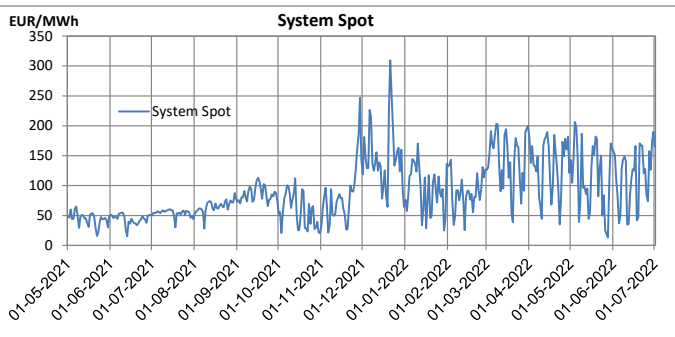
Yesterday was another bearish day on the stock markets and overnight the Asian markets have followed suit. The first two quarters of 2022 have brought big drops across stock markets (STOXX has dropped 16,5 %) and with concerns of persistent high inflation through June the outlook is still bearish.

Conclusion



The Nordic power market was facing some strong selling in the early session, with for example the Q3-22 contract shedding 8,25 EUR/MWh to its low of 129 EUR/MWh. Amid rising gas and German power prices, this move was surprising. Eventually, the market caught up with neighbouring markets and booked gains along the forward curve. Q3-22 added 1,25 EUR/MWh to close at 138,350 EUR/MWh. The front year gained 2 EUR/MWh and closed at 112,25 EUR/MWh. Amid the recent development, prices are likely to remain supported, but surprise like yesterday cannot be ruled out.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS
29-jun	315,54	315,54	244,93	314,39	244,93	154,48	173,60	August	311,30	311,30	138,75	211,55	238,30	203,30	141,30
30-jun	325,48	325,48	263,98	324,15	263,98	164,99	190,26	Q4-22	287,50	289,50	189,00	266,60	250,50	236,50	191,50
01-jul	305,87	311,00	196,04	307,95	202,25	168,80	165,27	2023	238,25	242,25	111,60	192,00	137,25	147,25	112,25



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