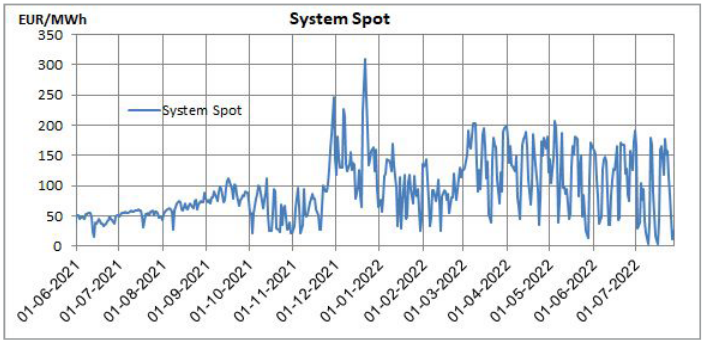
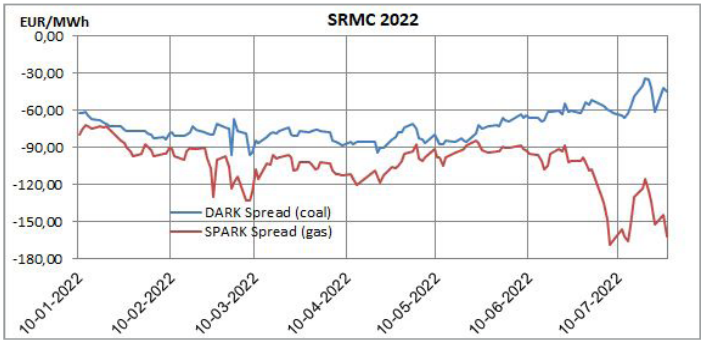
# Morning Report July 28 2022

Energi Danmark SECURITIES

| | Expectation | |
|---|---|---|
| Oil | ↗ | On the oil market, prices continued to climb Wednesday, amid supply concerns due to the EU embargo on Russian oil. This currently manages to overshadow the concurrent demand concerns which the global economic crisis causes. The Brent front month contract climbed to 106,62 USD/bbl yesterday and continues up early Thursday as a reaction to a weakening US dollar in the wake of the US Fed's interest hike late yesterday evening. |
| Gas | → | European gas prices were not done rising after the news Tuesday about further reductions to the flows on Nord Stream 1. Prices continued to climb across the market, which now seems convinced that supply from Russia will cease completely soon. Russia cites mechanical issues as the reason for the decreasing flows, but the question now is if this is the case. We will find out soon, as the turbine they allegedly need to repair the pipeline has been shipped to Russia. |
| Coal | → | With further price climbs on the decisive gas market, the European coal market edged further up as well yesterday, extending the all-time highs from the previous session. Coal demand in Europe is expected to rise noticeably following the EU agreement to cut gas demand significantly over the coming months to secure supply for the coming winter. |
| Carbon | ↗ | In contrast to the fuel markets, we saw falling prices on the European carbon market yesterday, where the benchmark contract fell to 76,10 EUR/t, the lowest price level in more than four months. Recession fears and expectations of lower demand due to the EU initiatives to lower industrial production to save gas caused the bearish sentiment and we expect a rebound in Thursday's trading. |
| Hydro | → | Thursday morning, the Nordic weather forecasts remain wetter than seasonal average, and the deficit on the hydro balance has shrunk to only 3 TWh. The outlook suggests temperatures around or slightly below normal during the forthcoming then ten days, which is somewhat unchanged from yesterday and neutral for the Nordic power market. |
| Germany | → | German power prices rose further Wednesday. The panic-like sentiment on the market due to the reduced gas flows from Russia continues, and we experienced new record highs across the curve due to fears that supply will cease completely. Volatility should remain extremely high in the coming time, as the markets await if flows on Nord Stream 1 completely disappear. |
| Equities | ↗ | Yesterday's big event on the financial markets was the interest meeting in the US Fed, which ended with an increase in interest rates on another 0,75 %. The markets had priced this in already, and the US markets actually rose despite the Fed decision. The first signals on the Asian markets early Friday are cautiously bullish as well. |
| Conclusion | → | The Nordic power market continued the uptrend yesterday, and has now won back all of last week's losses. The big uptrend on the fuel markets is still the main reason behind the increases, while the deficit on the hydro balance adds to the upside. The Q4-22 and 2023 contracts climbed to 247,00 EUR/MWh and 131,00 EUR/MWh respectively, and the gas fears will continue to dominate today, where we expect the market to consolidate a bit following the previous increases. |

| Spot | DK1 | DK2 | SE3 | SE4 | HEL | OSL | SYS | Forwards | DK1 | DK2 | STO | MAL | HEL | OSL | SYS |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 26-jul | 165,64 | 90,51 | 7,13 | 7,13 | 7,13 | 152,97 | 11,31 | August | 393,00 | 391,00 | 150,00 | 249,00 | 238,50 | 211,00 | 143,00 |
| 27-jul | 233,71 | 143,12 | 82,42 | 82,42 | 83,22 | 171,69 | 25,34 | Q4-22 | 428,75 | 437,75 | 251,60 | 357,18 | 351,00 | 297,00 | 247,00 |
| 28-jul | 455,07 | 463,83 | 141,24 | 161,27 | 174,45 | 205,46 | 155,11 | 2023 | 285,25 | 287,25 | 136,25 | 236,00 | 163,00 | 171,00 | 131,00 |



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