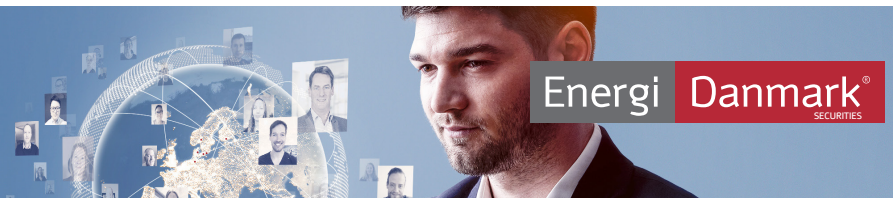
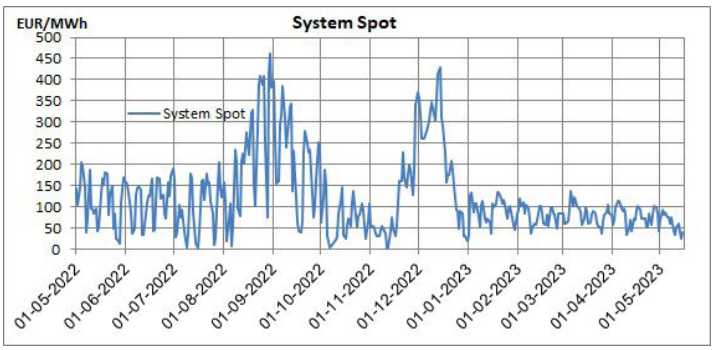
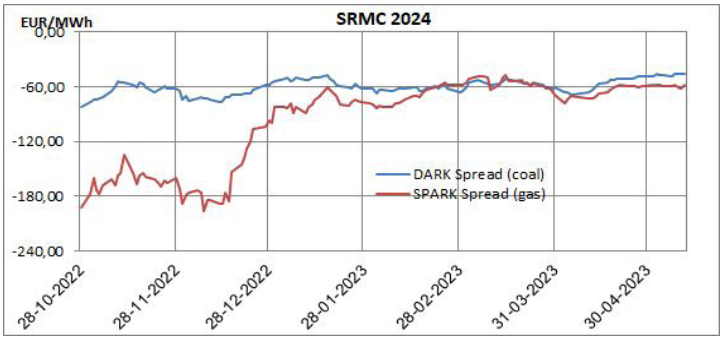
# Morning Report May 15 2023




| | Expectation | |
|---|---|---|
| Oil | ↘ | Last week ended with another bearish day on the international oil market, where the Brent front month contract dropped another 0,81 USD/bbl, settling at 74,17 USD/bbl. This despite the fact that the market is facing reduced supply following the OPEC decision from earlier this spring to reduce output further. The ongoing economic concerns and a potential decline in global demand weigh heavier, and the market continues down early Monday. |
| Gas | ↘ | Despite outages to the Norwegian production, the European gas market continued downwards Friday, with the front-month contract on the TTF hub dropping to the lowest level since 2021. Demand is falling as the weather turns warmer, and we expect further losses in the coming time. A heatwave in either Europe or Asia could increase gas for cooling demand and change the development. |
| Coal | ↘ | Following an initial rebound early in the day, the European coal market ended up falling along with gas in Friday's trading, with the API 2 2024 contract falling to 117,56 USD/t, the lowest level in more than a year. Demand is fading as the dropping gas prices make coal less attractive in the power mix and we could very well see further losses this week. |
| Carbon | ↘ | The European carbon market also rose early in the day before changing direction later in the session. The benchmark contract ended up closing at 88,48 EUR/t, up marginally from Thursday. The market now fights to break above the technical resistance point around 90 EUR/t after rising during last week, and we expect this to continue in the coming days as well. |
| Hydro | ↘ | Over the weekend, we have received some new forecasts for the Nordic area, which appear somewhat more unsettled, with colder and wetter conditions. Expected precipitation during the next ten days is still modestly below normal, but higher than what was forecasted ahead of the weekend. The outlook is bearish for the Nordic power market. |
| Germany | ↘ | With prices continuing down on the gas and coal markets, the German power market also retreated further in Friday's session. The market continues to slide, as there appears to be no end to the losses on the gas market at the moment. The German 2024 contract now costs 145,57 EUR/MWh and we expect the downtrend to continue today along with fuels and carbon. |
| Equities | → | Friday, the European stock markets closed the week strongly, with the Stoxx600 Index closing the day up 0,4 %. The US markets edged modestly down later in the day. Today, the first signals are rather neutral, as investors continue to track the key figures and the prospects of a new global recession. This week, a lot of focus will be on whether or not the debt ceiling in the US will be raised. |
| Conclusion | ↘ | On the short end of the Nordic power market, we saw a turnaround Friday, as drier weather forecasts for the coming month could cause the hydro balance deficit to widen. As a result, the Q3-23 contract closed at 55,25 EUR/MWh. The 2024 contract closed the day flat at 70,50 EUR/MWh, as the falling gas and German power offset the bullish inputs. Today, fuels, carbon and German power continue to fall, and we therefore consider a bearish development as the most likely scenario on the Nordic power market, since the weather forecasts are also a bit wetter than ahead of the weekend. |

| Spot | DK1 | DK2 | SE3 | SE4 | HEL | OSL | SYS | Forwards | DK1 | DK2 | STO | MAL | HEL | OSL | SYS |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 13-maj | 76,70 | 76,22 | 20,76 | 76,20 | 20,76 | 62,06 | 39,49 | June | 83,75 | 80,25 | 40,25 | 57,75 | 37,25 | 71,75 | 45,75 |
| 14-maj | 71,94 | 71,81 | 8,35 | 71,49 | 8,35 | 58,87 | 26,17 | Q3-23 | 96,75 | 94,25 | 51,55 | 68,25 | 54,50 | 86,25 | 55,25 |
| 15-maj | 113,49 | 113,50 | 38,26 | 112,62 | 24,51 | 79,02 | 40,02 | 2024 | 128,78 | 127,25 | 66,65 | 83,50 | 61,25 | 98,50 | 70,50 |



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