







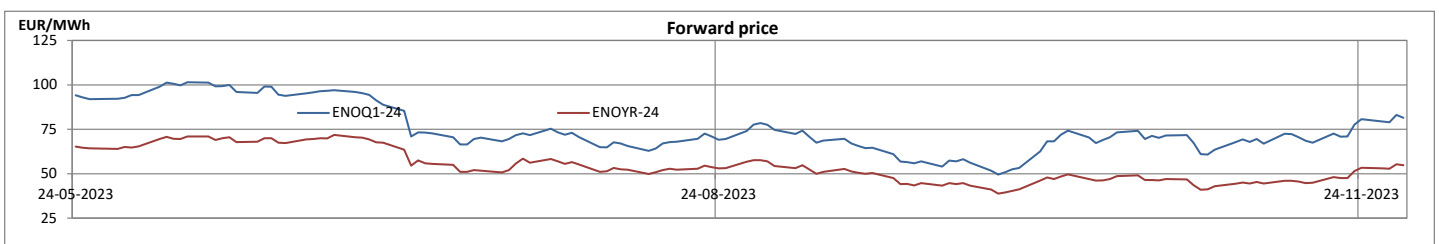
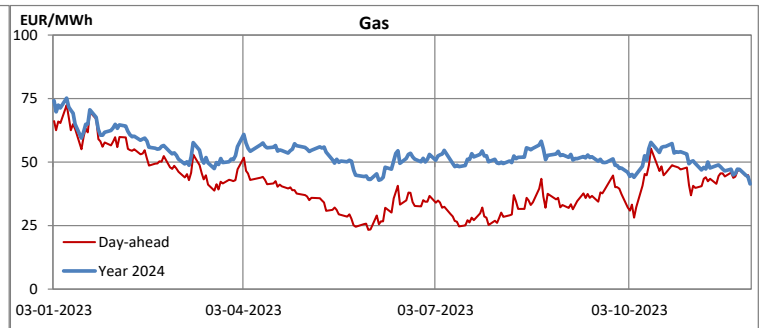
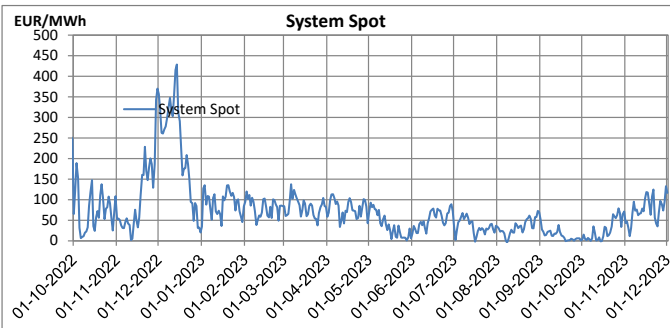


Morning Report December 1 2023

Expectation

- Oil**  The OPEC+ meeting yesterday contributed to volatile trading in the oil market. The member states did not announce a new common production target for 2024, but decided on voluntary cuts from each country. In total, the voluntary production reduction amounted to 2.2 million barrels per day in the first quarter of 2024. Brent crude was trading close to \$85 per barrel ahead of the meeting, but fell sharply in the evening to just below \$81 per barrel.
- Gas**  Prices in the European gas sector were yesterday seen rebounding from the multi-week lows set recently. It appears market sentiment was driven to some extent by increased demand. Current weather conditions with rather low temperatures led to increased net-withdrawals from storages lately. But latest forecast also indicate a shift to milder conditions for Germany, Europe's largest gas consumer, as of next week, which seemed to have put a lid on gains.
- Coal**  Coal market bounced up Thursday. Coal prices gained ground following disruptions to exports from world's second largest thermal coal exporter Australia, and ongoing logistical constraints in South Africa which is a key supplier to Europe. Friday's expectation is that the coal market will challenge the resistance level 115,30 USD for the API 2 2024 contract.
- Carbon**  The trend continues on the downside this week as CO2 passed the last main support holding the market at the 75 EUR/t mark. A large portion of financial shorts is still in the market waiting for the option expiry in December. That could temporarily hold the 70 EUR/t. As long as the underlying fundamental is still bearish, it is difficult to see any change in direction but if the weather turns colder at the continent, that could change the game. Due to its being Friday and that the trend has been down all week, a small profit taking day seems in order.
- Hydro**  Yesterday the GFS model flagged for some more precipitation and that a low pressure system should win the battle with the current high, meaning even higher temperatures. Today's operational forecast is in line with that but not if we consider the GFS ensemble that is more bullish, instead lowering both temperature and the level of precipitation. EC12 still shows a deficit of 4-5 TWh below normal and 6-7 degrees lower temperatures than average so the warmer GFS op is not supported here. Due to that and weekend coming up it is considered bullish for the day. Hydro level is with a slight deficit now and will grow if the forecasts continues.
- Germany**  Contract prices along the German power forward curve were mainly seen higher yesterday than Wednesday's levels as gains in the gas and coal sector proved supportive and outweighed losses from the carbon sector. The front year contract set a new low at 100,21 EUR/MWh during the session, but did not manage to further challenge the 100 EUR/MWh mark and ended the day settling at 102,47 EUR/MWh, up 0,70 EUR/MWh on the day.
- Equities**  The STOXX 600 closed up 0,6% for the day. It was boosted by gains in the technology and energy sectors, as well as positive sentiment from the US stock market. Expectations of lower inflation in Europe is giving optimism for investors that central banks might start lowering interest rates sooner than expected. The index rose 7% in November. The optimism seems to continue today as futures are in green territory.
- Conclusion**  The Nordic power market prices fell yesterday as weather forecasts indicated a change to warmer and wetter weather come mid-December which might have given a breather to the current surge in prices during November. The Q1-24 and Yr-24 contracts closed at 81,5 and 54,5 EUR/MWh respectively. This morning the weather trend seems switched once again and it looks like the week ends with another rise in prices.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Gas Forwards	TTF
29-nov	140,03	141,06	133,73	140,83	127,39	140,33	95,15	Januar	92,75	89,00	86,50	89,00	94,00	105,75	85,00	Day-ahead	41,66
30-nov	168,74	168,95	166,50	167,87	144,09	165,32	132,90	Q1-24	95,50	90,88	77,00	86,25	91,50	99,50	81,50	Year 2024	41,40
01-dec	156,38	163,66	146,75	157,95	109,79	152,31	116,81	2024	95,94	90,65	48,00	64,00	62,90	72,75	54,75		



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