

Morning Report April 15 2024

Expectation

- Oil** ↘

The front month contract for Brent went above 92 USD/bbl before crawling back down to settle above the 90-level in Fridays session. The downturn was attributed concerns about higher inflation in the US which also lifted the USD currency higher. This morning the markets are opening down as the retaliation from Iran against Israel seems to ease a bit as Iran clarified there will not be more attacks if Israel does not pursue further. The markets remains anxious over what Israel will do but the worries of higher inflation directs the oil prices for now.
- Gas** →

The European gas market continued its recent bullish development also Friday amid a number of driving factors. Latest Russian attacks on Ukraine's energy infrastructure keep the market on edge and concerned, while also recently the European Parliament approved draft rules enabling countries to block imports of Russian gas. At the same time, reports of problems at the Freeport LNG export plant in the U.S. made it to the news cycle. All the while, we are looking at somehow increasing demand for gas due to the cold spell that will dominate this week as well as next. Unless softer carbon can provide some stronger drag, we expect the market to stay somehow supported.
- Coal** →

During the last week, the API2 quotations of coal has increased approximately 5%. Today, the commodities and equities might seek direction more from sentiment than any specific fundamental reason. At the time of writing, oil market has changed marginally downwards, no reason to expect that the coal market should not follow the general direction of commodities. All eyes are on Middle East. We expect sideways movements in coal.
- Carbon** ↘

Settling at 71,55 EUR/t, the Dec '24 benchmark contract gained another 3,52 EUR/t Friday, which in turn puts the weekly gains at around 18%. The strong move during the last trading sessions is attributed to the gas sector which reacts to latest Russian attacks on Ukraine's energy infrastructure, which in turn raises the chance of a short squeeze in the emissions sector once more. At the same time, potentially lower supply in gas and LNG and a turn to more coal in the power generation could raise demand for EUAs accordingly. Still, there's some downside risk at these levels and the market opens lower this morning.
- Hydro** ↗

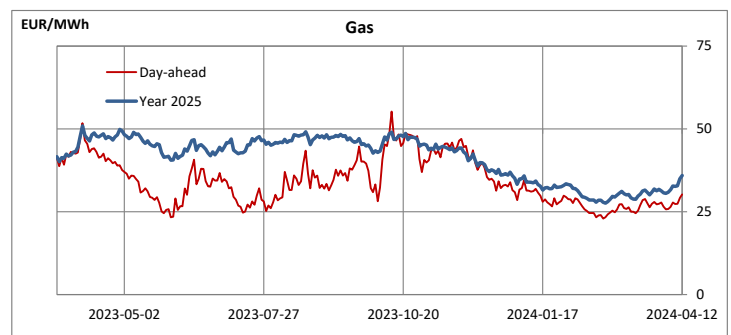
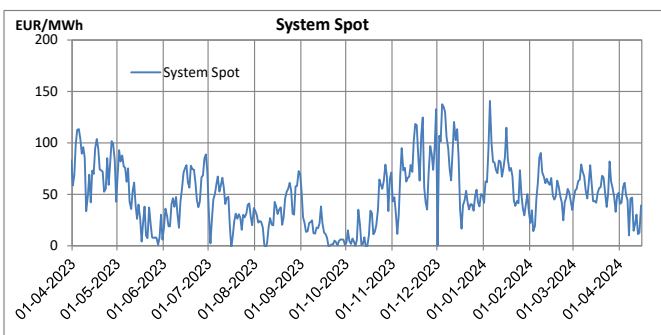
The overall weather forecasts has turned colder and drier since Friday. The EC are showing slightly below average precipitation for the next 10 days while the temperature is more than two degrees below average. On the other hand the GFS shows precipitation just above normal levels with higher levels at the end of a two week period. Nevertheless, the hydro balance has declined since middle of last week and falls a bit further today.
- Germany** ↘

Amid a generally bullish energy complex, the German power market gained further ground on Friday as well. Geopolitical tensions that lead to concerns about a narrowing gas supply and at the same time drive CO2 prices higher were supporting and driving factors for the power sector as well. The front year contract, settling at 93,54 EUR/MWh gained 3,93 EUR/MWh on the day and actually reached a price level last seen during early January of this year. Into the early session today, carbon correcting lower weighs on the power complex, but short-term contracts might stay supported to some extent.
- Equities** ↘

The Stoxx 600 touched the highest point of the week shortly after opening on news of the ECB announcing positive news wrt. rate cuts, but it then retraced to close slightly up. The geopolitical tensions in the Middle East continue to keep a downward pressure on global stock markets where the US stock markets fell significantly. The weekends retaliation from Iran in the Middle East keep a tight edge on the markets but European futures point to a green opening.
- Conclusion** ↗

The Nordic power prices open higher on Friday but began to fall back by noon. However, during the afternoon focus turned to gas and German power prices and the current global tensions which lifted the Nordics where Q3-24 and Cal-25 closed at 29,75 and 42,45 EUR/MWh resp. A rise of more than 1,5 EUR/MWh compared to previous day for both contracts. Over the weekend the weather forecasts has turned colder and drier during the coming weeks which keeps pushing the prices upward.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Gas	TTF
13-apr	12,62	12,60	4,28	8,13	8,58	12,43	11,35	May	59,05	62,43	28,30	41,80	28,30	37,80	31,80	Day-ahead	30,24
14-apr	15,63	14,53	4,24	-5,55	12,95	17,59	12,55	Q3-24	71,38	69,88	25,15	34,75	39,25	37,75	29,75	Year 2025	35,93
15-apr	66,89	68,28	38,38	52,63	34,81	42,41	39,42	2025	86,70	81,58	37,45	48,45	47,80	51,45	42,45		



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