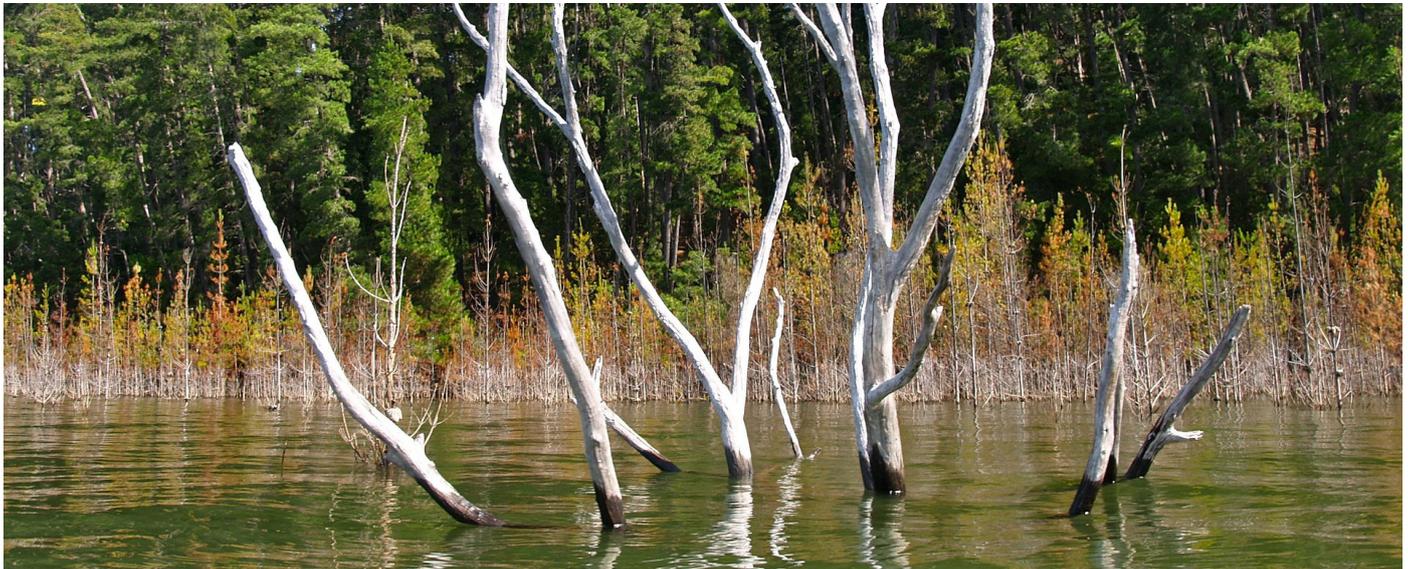


Danish and Swedish EPADs remain high

The day prices in Denmark and Southern Sweden remain much higher than the Nordic system price level. However, the prices are below the historical average.



Here and now

There were relatively large price falls across the Nordic energy market last week. This was predominantly due to wet weather forecasts and a growing hydro-balance surplus. The forecasts became slightly drier over the weekend, after which the prices climbed slightly again, but not enough to prevent the short-term and long-term contracts in the market from ending the week with a noticeable fall overall. The Q4-20 contract has fallen by EUR 1.00/MWh to EUR 20.75/MWh, while the YR-21 contract now costs EUR 21.65/MWh, EUR 2.45/MWh less than last week.

Our recommendation

Following two weeks of price falls, the room for price climbs in the market is now greater. We believe there will be a neutral or slightly increasing trend in the coming week, especially if the carbon market succeeds in breaking through the technical barrier around EUR 30/t and continues to climb. The weather forecasts will also play a crucial role, but it currently looks like prices will climb.

Substantial price differences continue in Nordic region

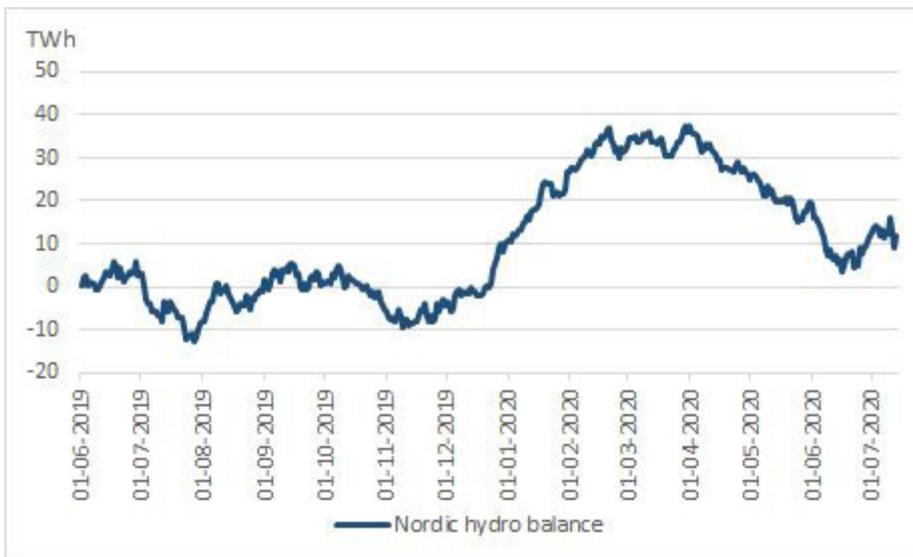
We continue to experience extremely high EPADs in certain parts of the Nordic region. During week 27 and 28, the average spot price in DK1, DK2 and SE4 has been around ten times as high as the single Nordic system price. The system price in the previous two weeks was over EUR 2/ MWh on average, while the level in DK1 and DK2 has been above EUR 20/ MWh. In SE4, the level was just below EUR 20/MWh. The enormous price differences are still the result of issues with the export of Norwegian hydro-power to neighbouring countries due

to defective cables. Even though the EPADs in the aforementioned areas are extremely high, the extremely low system price continues to mean that the overall price is very low compared to the norm for this time of year. We need to look back to the summer of 2015 to find a year when the prices in both Denmark and Southern Sweden were as low as they currently are. There are prospects of this situation continuing for the remainder of summer in spite of the cable issues not being expected to have been resolved before some time in September.

Forward	Wk 28 (EUR/MWh)	Wk 29 (EUR/MWh)	Expectation (w 30)
ENOMAUG-20	8.65	8.70	↗
ENOQ4-20	20.75	19.75	↗
ENOYR-21	24.10	21.65	↗
SYHELYR-21	10.00	10.33	↘
SYOSLYR-21	1.03	0.95	→

Hydro-balance surplus growing again

We have experienced some wet weeks in the Nordic region, which has caused the Nordic hydro-balance surplus to grow again. Around the start of the month, the balance surplus had decreased to just about 5 TWh after having plummeted for several months, but now, only a couple of weeks later, the level has once more climbed to around 12 TWh. The growing surplus is one of the crucial factors behind the notable price falls in the short-term contracts in the forward market last week, as well as for the system price remaining as low as it currently is.



Forecasts

Precipitation: The rest of week 29 looks set to be dry in the Nordic region, but there are prospects of wetter weather again from the start of next week. Precipitation volumes are expected to rise to above normal and remain at that level for at least one week.

Production and spot: We anticipate continued extremely low system prices and high area prices in Denmark and Southern Sweden in the coming period. Wind power production is expected to fall significantly in the coming week compared to the previous week.

EPADs

Price climbs continued last week in the Finnish EPADs. The Finnish YR-21 EPAD is now at EUR 10.33/MWh. In Norway, the NO1 EPAD for YR-21 has fallen to EUR 0.95/MWh.

Highest carbon emissions allowance price in 14 years

Large daily fluctuations continue in the European carbon market. During the last week, the allowance market has been trading at around EUR 30/t, which appears to be a technical barrier that the market needs to spend some time testing. On Monday, the allowance market reached its highest level in 14 years when the price peaked at EUR 30.80/t, however it subsequently dropped back down below EUR 30/t. Even though the market needs to gather some strength before continuing to climb, we believe that we will soon see the price exceed its highest ever level of EUR 31.00/t.



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