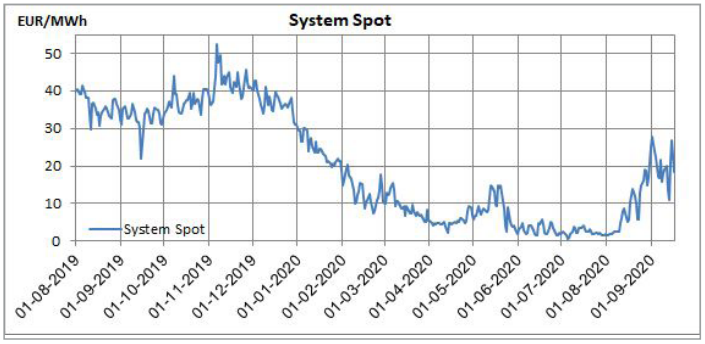
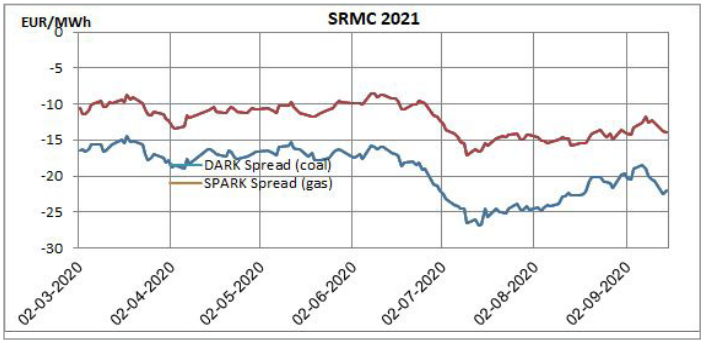
Morning Report September 16, 2020

Energi Danmark SECURITIES

	Expectation	
Oil	↗	Tuesday, the international oil markets turned bullish. We are currently in the middle of the Atlantic hurricane season, and a new storm is currently disruption oil production in the Mexican Gulf. This leads to rising prices on the market, where the Brent front month contract yesterday closed at 40,53 USD/bbl, around 1 USD/bbl higher than Monday. The market continues up Wednesday as supply issues appear to continue.
Gas	↗	We saw rising prices on the European gas markets yesterday, both on the short and the long end of the curve, but a bearish carbon market changed the sentiment during the day. The hurricane-related problems in the US also affect the country's LNG export, and as internal flows in Europe are reduced as well, it has put some pressure on the supply side of the market. The short end of the curve was supported by low wind production as well. The market could continue upwards today.
Coal	→	On the European coal market, prices continued to rise Tuesday. Focus is increasing on the expected return of the La Niña weather pattern, which may limit coal production and exports during the coming winter as it causes severe weather conditions on the southern hemisphere. Furthermore, low river levels in Europe are reducing transport, adding to the upside.
Carbon	→	Early Wednesday, the European carbon market continued upwards, but the market changed direction and dropped back below 30 EUR/t later in the day. All eyes are on EU Commission President Ursula von der Leyen, who is expected to give a speech about the future of the European Green Deal today. The market awaits this, with the benchmark contract currently at 29,79 EUR/t.
Hydro	↘	Since yesterday, we have not received any noticeable changes to the Nordic weather outlook. A high pressure will likely cause dry weather until early next week, from which point on a low pressure will lead to much wetter conditions. The confirmation of next week's weather change is bearish for the Nordic power market.
Germany	↗	The German power market continued to track the movements on the carbon market yesterday, edging up early in the day before falling later in the session. The gains on the fuel markets also affected the market and the country's Cal-21 contract remains around a two-month high price level. Today's fluctuations will be very dependent on carbon.
Equities	→	Following a shaky start to the day, the European stock markets closed yesterday bullishly, with strong key figures from China causing a bullish sentiment in Europe as well. The sentiment was not quite as positive in the US, as the congress continues to fight about a new helping package to the country's economy. The first signals today are rather neutral.
Conclusion	↘	The Nordic power market made movements similar to the carbon market and the German power market yesterday, with gains in the beginning of the day, followed by losses later on. Wetter weather forecasts added to the downside, and the Q4-20 contract closed at 24,15 EUR/MWh, 0,75 EUR/MWh below Monday. The YR-21 contract was down 0,17 EUR/MWh and closed at 25,02 EUR/MWh. Today, the market opens bearishly, but much will depend on the carbon market.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
14-sep	51,74	50,86	42,90	47,38	43,50	12,39	20,88	September	35,93	37,55	31,80	34,80	37,75	19,30	21,30	September	45,55	33,12	55,96
15-sep	70,20	73,22	66,28	66,94	66,63	12,13	26,87	Q4-20	35,28	36,68	31,08	32,65	38,80	22,90	24,15	Q4-20	45,77	37,28	0,00
16-sep	50,76	50,76	46,24	46,24	47,01	11,36	18,51	2021	35,60	37,10	27,95	31,32	39,50	25,02	25,02	2021	47,06	38,88	0,00





The Morning report is produced on the basis of information about th Nordic power market from sources which Energi Danmark A/S finds reliable. We attempt to continuously keep data correct and up to date. Energi Danmark A/S assume no responsibility for the accuracy of the contents of this report. Energi Danmark A/S makes reservationsfor typing errors, calculation errors and asume no responibility for any loss or damage arising from the direct or indirect consequences following use of this material. Estimates and recommendations can be changed with no prior notice or warning. The report is confidential and only intended for clients of Energi Danmark A/S. Information contained in the report is of general nature and cannot be defined as advice. Readers are urged to seek closer advice in relation to specific questions. This material is not to be published or in any other way passed on for unauthorized use.