

Expectation

Oil



On the crude oil market, focus yesterday once again turned towards OPEC, after the organization signaled that it will not deal lightly with countries that fail to live up to the production cut agreements from earlier in the year. As a result, prices started rising after initially trading down early in the day, and the Brent front month contract closed at 43,30 USD/bbl, up 1,08 USD/bbl for the day. Friday, the market opens with another upwards adjustment.

Gas



Yesterday, the European gas markets continued to climb. Falling temperatures and low renewable output supported the short end of the curve, with lower LNG output and rising prices on the oil market adding to upside. The losses on the carbon market did however limit the gains significantly.

Coal



After climbing more than 3 USD/t during the previous week, the European coal markets turned bearish yesterday. Although supply has decreased recently, the falling carbon prices weighed heavier Thursday and the API 2 Cal-21 contract fell 0,25 USD/t, settling at 58,25 USD/t. We expect falling prices Friday.

Carbon



The European carbon market continued to focus on the effects of the new EU plan to increase climate goals. Ursula von der Leyen will work on securing a significant increase in emission cuts, and the market makes big daily fluctuations right now, trying to work out which meaning this has for the ETS scheme. The benchmark contract fell 1,56 EUR/t during the day, closing at 28,43 EUR/t and we expect the insecure sentiment and the big fluctuations to continue today.

Hydro



Since yesterday, the wet weather outlook for next week in the Nordic area has been confirmed. Early next week, precipitation amounts will rise to well above seasonal average, and will remain there for the entire week, possibly longer. The hydro balance surplus continues to grow, and despite the recent significant losses, the weather forecasts are still bearish for the Nordic power market.

Germany



German power prices edged further down yesterday, where the market reacted to the 1 EUR/t drop on the carbon emission market and to the losses on the coal market. The country's Cal-21 contract was down 0,60 EUR/MWh, closing at 42,40 EUR/MWh, and the short end of the curve edged down as well. We expect the prices to fall further today, as the carbon market remains the most important factor.

Equities



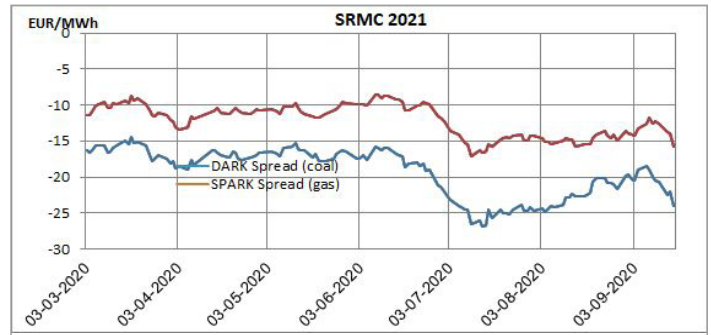
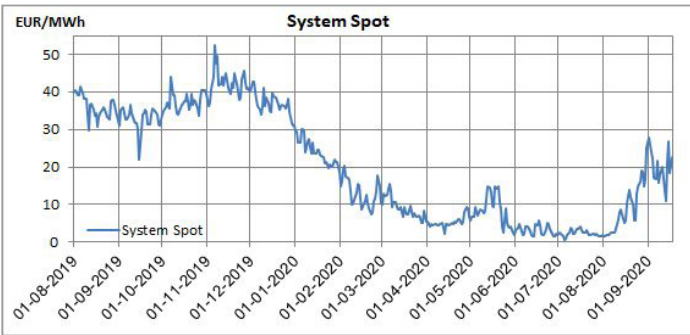
Yesterday, the European stock markets had to absorb the negative reactions from the US from the previous day, where the news from the Fed did not indicate any new stimulus to the country's economy. As a result, the Stoxx600 Index fell 0,51%, and the first signals Friday are rather neutral.

Conclusion



For a fifth straight day, the Nordic power market fell in Thursday's trading, and the losses have been very big during the last couple of days. The market still fears that the hydro power producers will have to lower prices significantly as reservoirs are very full compared to seasonal normal. The carbon losses added to the bearish sentiment, as the Q4-20 and YR-21 contracts closed at 19,75 EUR/MWh and 22,60 EUR/MWh respectively. Despite the recent losses, there is still room for another bearish day on the short end of the curve, as the weather forecasts remain very wet.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
15-sep	70,20	73,22	66,28	66,94	66,63	12,13	26,87	September	36,20	37,60	31,55	33,80	37,10	16,85	18,85	September	46,00	33,92	55,90
16-sep	50,76	50,76	46,24	46,24	47,01	11,36	18,51	Q4-20	34,15	35,35	30,85	31,85	38,15	20,60	21,85	Q4-20	46,25	37,85	0,00
17-sep	41,87	42,49	40,80	40,80	40,84	10,47	22,45	2021	34,60	36,05	26,75	29,85	38,23	23,60	23,60	2021	47,57	39,36	0,00



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