

Expectation

Oil



This week opened like last week ended, with falling prices on the international oil markets. A new wage deal among Norwegian oil workers put an end to a strike on the Norwegian oil and gas fields, a bearish signal for the markets due to the increase in production. Furthermore, US production is set to rise again as well following a hurricane-related outage last week. The Brent front month contract fell to 41,72 USD/bbl as a result, but rises slightly early Tuesday.

Gas



Yesterday, the strike issues in the Norwegian oil and gas production were resolved, and this also caused European gas prices to fall after spot prices had reached a year high level late last week. The long end of the curve retreated as well, but cool weather forecasts continued to keep a hand under the market across the curve.

Coal



Demand on the European coal markets has increased noticeably recently, due to the suddenly rising gas prices, which have made coal more profitable for power generation. As a result, stock levels at the big European coal terminals have declined to the lowest level in two years. Furthermore, fears of a La Niña winter with supply disruptions cause further uncertainty on the market.

Carbon



The European carbon emission market yesterday dropped to the lowest price level in two months, before rebounding later in the day. Increasing corona virus restrictions across Europe causes insecurity, and the ongoing Brexit negotiations is a source of uncertainty as well. The benchmark contract ended up closing at 25,87 EUR/t, slightly up from Friday. We expect the market to continue to trade between 25 and 26 EUR/t for the coming time, awaiting further signals.

Hydro



Tuesday morning, we still see a very dry weather outlook for the remainder of this week. Early next week however, we are likely up for a weather change, as the forecasts continue to suggest milder and wetter conditions from that point on. The largely unchanged conditions are largely neutral for the Nordic power market.

Germany



Falling prices across the fuel markets and on the carbon emission markets led to another bearish session on the long end of the German power market as well Monday. Cool weather and increasing demand led to rising prices on the short end, but the country's Cal-21 contract fell 0,96 EUR/MWh, settling at 40,04 EUR/MWh. We expect to see an upwards adjustment today.

Equities



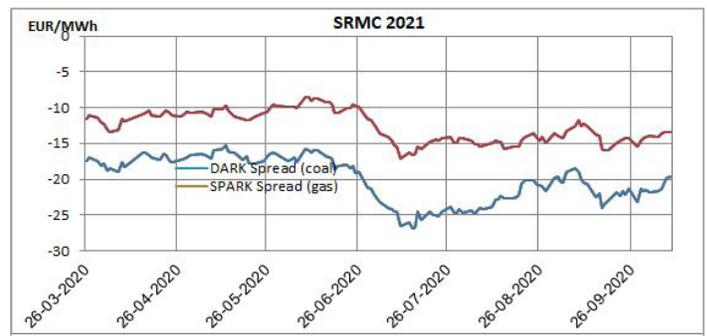
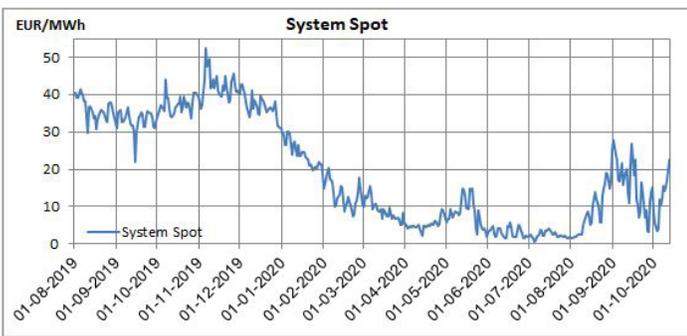
This week opened with a big upwards adjustment on the international stock markets. The European indexes climbed strongly early in the day, and the US S&P 500 Index was up more than 1,50 % later because of optimism surrounding a potential new stimulus package to the country's economy worth 1800 billion dollars. The Asian markets continue upwards early Tuesday.

Conclusion



Monday, we saw a very bearish session on the Nordic power market. Despite continuously dry and cold weather forecasts, prices fell across the curve due to the losses on the fuel and carbon markets as well as on the German power market. High selling activity among speculative traders added to the downside. The Q1-21 contract was down 1,39 EUR/MWh, settling at 28,21 EUR/MWh, while the YR-21 contract fell 1,05 EUR/MWh, closing at 23,70 EUR/MWh. Tuesday, the market could very well rebound as there might be a feeling that yesterday's losses were overdone.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
11-okt	28,56	28,56	24,83	28,44	24,83	16,53	16,98	November	32,75	35,50	30,78	34,65	38,98	24,45	25,15	November	43,89	38,53	57,77
12-okt	46,27	46,68	41,84	45,45	49,12	17,86	22,49	Q1-21	32,98	33,73	34,15	37,10	43,38	29,50	29,60	Q1-21	44,09	40,88	0,00
13-okt	48,32	49,70	46,43	47,84	47,66	18,65	21,45	2021	34,63	36,53	28,20	31,80	39,15	24,75	24,75	2021	44,43	38,26	0,00



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