

## Expectation

Oil



Wednesday, we saw falling prices on the international crude oil markets. The weekly data on US inventory levels showed an increase this week, which was bearish news for the market. It added to the downside, that production is rising in Libya and that global demand could be decreasing again as corona virus lockdowns are reinforced in several countries. The Brent front month contract fell to 41,73 USD/bbl and continues down early Thursday.

Gas



A bearish sentiment struck the European gas markets Friday, with the fears of a new lockdown across Europe causing a significant demand drop leading to falling prices. The market has increased lately due to cooler weather, but it appears that the corona virus development could become the top price driver in the coming time.

Coal



The overall negative sentiment across the markets affected the European coal market as well yesterday. The API 2 Cal-21 contract dropped another 1,00 USD/t, setting at 59,01 USD/t. Despite supply concerns and low stock levels, the market fell as the corona virus fears overshadowed most other topics yesterday. We could see

Carbon



After some days of technical resistance around 24,50 EUR/t, the carbon market had to give in to the pressure yesterday, and the benchmark contract fell almost 1 EUR/t, closing at 23,56 EUR/t. All signs on the market are bearish at the moment, as surging corona virus figures across Europe, a deadlock in the UK-EU negotiations and increasing auction supply all add to the negative sentiment. We could very well see prices fall further during the rest of the week.

Hydro



Thursday morning, we see a drier weather forecast compared to yesterday's outlook. Yesterday, the 10-day outlook was twice as wet as seasonal average, in today's forecast, it is only around 20 % wetter than normal. The most significant change is the expectation of a high pressure dominating the first half of next week. The forecasts are clearly a bullish sign for the Nordic power market.

Germany



Falling fuel prices, a big downturn on the carbon emission market and increasing economic concerns due to surging corona virus figures led to another bearish day on the German power market Wednesday. The country's Cal-21 contract fell to a four-month low of 38,77 EUR/MWh, 0,64 EUR/MWh below the previous close. It seems very likely that the market will continue down today, as the corona virus concerns are growing and the carbon market falls further as well.

Equities



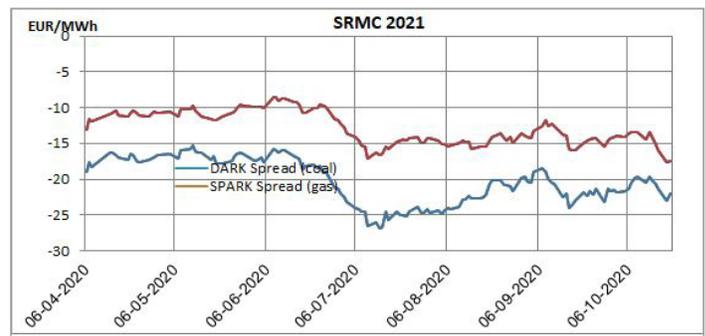
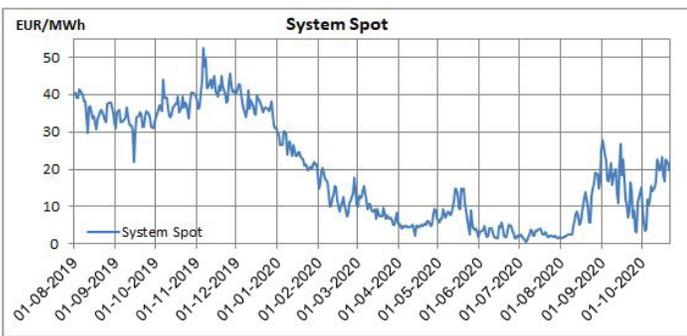
After avoiding the corona virus fears for some time, the European stock markets yesterday had to give in to the rising virus figures. The concerns about new lockdowns caused the Stoxx600 Index to fall 1,29 %, and the negative sentiment continued in the US later in the day. Today, the first signals point towards another bearish day, as the corona virus will likely dominate the markets for some time now.

Conclusion



Following a short recovery during the previous day, the Nordic power market returned to the bearish sentiment yesterday. Wet and mild weather forecasts, combined with falling fuel and carbon prices as well as increasing corona virus figures is a very bearish cocktail for the market at the moment. The Q1-21 and YR-21 contracts ended up closing at 24,20 EUR/MWh and 20,65 EUR/MWh respectively. Today, the drier weather forecasts offer bullish support to the market, but the question is if the sentiment will change as fuel markets and carbon is still under pressure.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
20-okt	30,27	30,84	29,75	30,36	55,52	19,55	21,73	November	30,75	32,70	27,60	28,60	35,73	18,40	19,10	November	42,43	40,60	62,30
21-okt	29,24	29,63	26,37	29,63	37,20	17,67	19,70	Q1-21	28,51	29,26	30,13	33,13	41,38	25,03	25,13	Q1-21	42,94	42,28	0,00
22-okt	14,54	14,54	15,17	15,17	37,37	14,20	14,54	2021	31,78	33,35	25,55	28,78	36,73	21,25	21,25	2021	43,33	38,75	0,00



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