

## Expectation

- Oil

Wednesday, we saw a downwards correction on the crude oil market. The corona virus infection figures have started to rise sharply in several countries, including the US, several EU countries and in Asia. This offers concern to a market which has been rising steadily for months on hopes of a post-corona virus recovery. The Brent front month contract fell to 74,76 USD/bbl yesterday, and early Thursday, prices continue to fall on expectations of increased supply.
- Gas

The European gas markets also edged down yesterday, with easing supply concerns as the main reason. The CEO of the Nord Stream 2 project has announced, that he expects the project to be completed next month and up and running from the end of the year. Although there is still strong opposition to the pipeline, these news are bearish for the market.
- Coal

On the European coal market, we saw rising prices once again yesterday, despite the losses on the related gas market. Demand remains strong in Asia, and this continues to weigh on the European market as well, with the API 2 Cal-22 contract rising to 91,16 EUR/MWh. With both carbon and gas heading downwards, we could be up for a bearish session today as well.
- Carbon

Yesterday was the long awaited day on the European carbon market, where the European Commission announced its plans for a reform of the ETS scheme, and presented other initiatives to curb carbon emissions. The plans were more or less in line with what had been priced in by the market, and we saw a modest downwards correction on the confirmation of the rumors. Today, the market appears to continue downwards, as the market continues to digest yesterday's news from the European Commission.
- Hydro

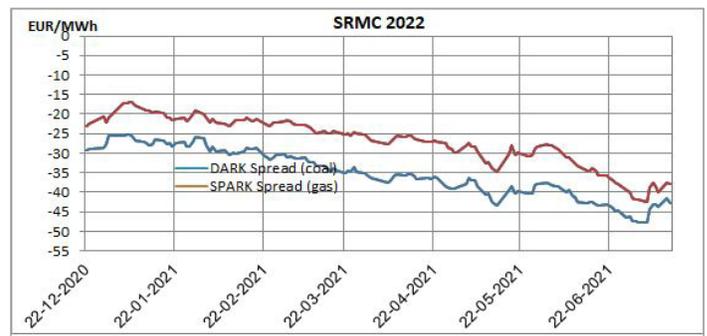
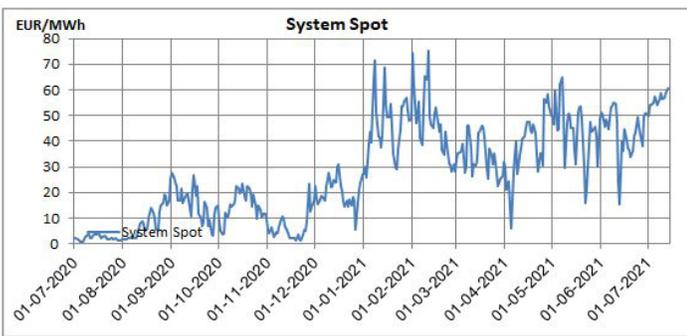
Thursday morning, there is some uncertainty concerning the Nordic weather outlook. Some forecasts continue to suggest dry weather during the next ten days, but others have shifted to wetter conditions during next week. Although there is still a chance of dry weather throughout the period, the chance of more rain is a bearish signal for the Nordic power market.
- Germany

The volatile sentiment on the carbon market affected the German power market yesterday, where prices initially rose, before falling later in the session. The country's Cal-22 contract took a late dive along with carbon, and closed at 71,44 EUR/MWh, 0,11 EUR/MWh below Tuesday's close. Today, both fuels and carbon look set for a bearish day, and German power will likely see a similar sentiment.
- Equities

On the European stock markets, we saw a second straight day of losses Wednesday, although more limited than in the previous session. The markets are getting a bit concerned about increasing corona virus figures in large parts of the world, including in the US. The first signals from the Asian markets early Thursday are rather mixed.
- Conclusion

Nordic power prices rose further yesterday. The initial uptrend on the carbon market, as well as dry weather forecasts and a worsening hydrological situation led to the bullish sentiment. The hydro balance is expected in a deficit of almost 15 TWh at the end of the month. The Nordic Q4-21 and YR-22 contracts ended up closing at 51,40 EUR/MWh and 34,04 EUR/MWh respectively. Thursday, we could see a downwards correction. Some weather forecasts suggest wetter conditions, and falling fuels, carbon and German power add to the downside.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
13-jul	95,02	95,02	77,48	77,48	98,29	59,17	59,75	August	81,75	86,00	62,75	81,88	74,95	63,10	57,00	August	89,18	86,98	62,30
14-jul	87,39	87,39	76,67	76,67	108,47	60,49	60,72	Q4-21	77,65	81,90	54,90	75,40	61,55	58,05	51,40	Q4-21	84,98	91,32	0,00
15-jul	89,74	92,47	75,78	80,80	102,78	61,00	58,82	2022	61,29	63,79	37,39	58,04	43,47	40,94	34,04	2022	76,88	71,29	0,00



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