

## Expectation

Oil



Yesterday, we saw a rather quiet start to the day on the oil market, but the sentiment turned very bullish later during the session. The Brent front month contract started rising rapidly, with the Brent front month contract closing at 72,23 USD/bbl, 2,87 USD/bbl above the previous close. The gains were not attributed to anything particular other than increased risk appetite and a feeling that the losses from earlier in the week were overdone. Today, we should see a much calmer session.

Gas



The European gas markets won back the losses from the previous session yesterday. The sentiment was overall bullish across the markets, and with continuous supply issues as well as high demand in both Europe and Asia, the gas market edged up. The Nord Stream pipeline from Russia will be offline until Friday, while the market also keeps an eye on the ongoing conflict regarding the Nord Stream 2 project.

Coal



Yesterday, the European coal market followed the related markets upwards. Supply from Germany has been reduced due to the flooding disaster in the western part of the country, which adds to an already tight supply picture due to reduced South African export. The API 2 Cal-22 contract rose 1,42 USD/t and closed at an all-time high of 94,29 USD/t, but does not appear to continue upwards early Thursday.

Carbon



On the European carbon market, the range-bound trading just above 50 EUR/t continued yesterday. The benchmark contract climbed 0,95 EUR/t and closed at 52,21 EUR/t, as bullish support from related markets and technical signals helped prices rise. The market appears to have adjusted to the recent climate draft from the European Commission, and is now awaiting further political signals that could offer some direction.

Hydro



Early Thursday, the Nordic weather forecasts are very similar to the ones from yesterday. The outlook suggests a wet opening to next week, followed by drier conditions from that point on, and in total, the 10-day outlook is slightly below average in terms of precipitation. The outlook should be rather neutral for the Nordic power market, since it is more or less unchanged from yesterday.

Germany



Long-term German power prices climbed along with the fuel and carbon markets yesterday. Trading activity is low due to summer holiday season, so the fluctuations are based on relatively few trades. The country's Cal-22 contract rose 1,18 EUR/MWh to 71,00 EUR/MWh, while spot prices fell due to increased production from renewables. Today, we could be up for a downwards correction as carbon looks bearish.

Equities



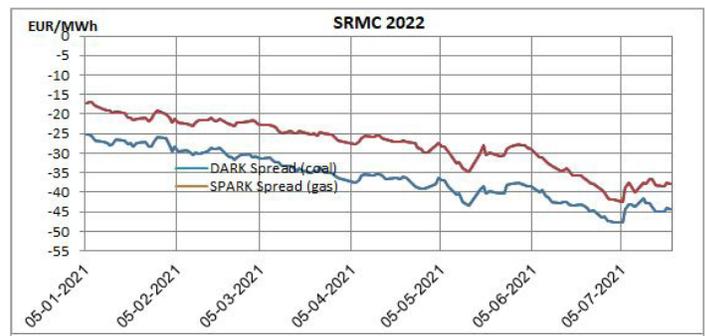
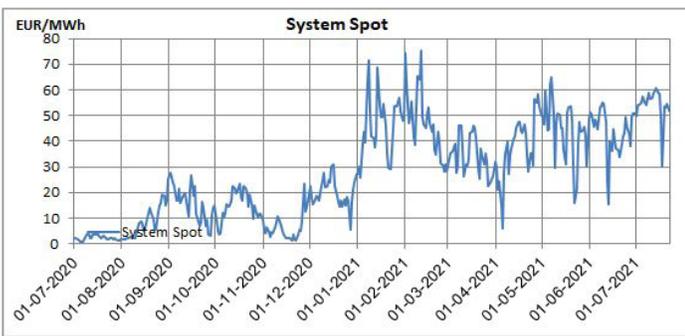
For a second straight day, the international stock markets were bullish yesterday, with the pan-European Stoxx600 Index climbing as much as 1,65 EUR/MWh. Strong financial statements from big companies and decreasing corona virus concerns led the markets upwards, and the sentiment continued later in the day in the US. Early Thursday, the first signals from Asia show that the optimism continues.

Conclusion



The Nordic power market woke up to some drier weather forecasts yesterday, and the short end of the curve edged up as a result. Later in the day, rising fuel, carbon and German power prices helped the long end climb as well, and the Q4-21 and YR-22 contract rose to 47,65 EUR/MWh and 32,45 EUR/MWh respectively. Thursday, the weather forecasts appear unchanged, but falling prices in Germany offers some direction early on. This could easily change later in the day however.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
20-jul	73,66	91,69	56,07	56,07	73,42	59,11	53,23	August	79,90	81,28	60,15	77,40	71,40	56,85	50,90	August	88,92	87,94	62,30
21-jul	89,11	89,99	55,72	56,02	69,12	59,02	54,73	Q4-21	77,53	81,85	51,15	71,65	58,65	54,30	47,65	Q4-21	85,47	91,90	0,00
22-jul	87,39	87,56	53,13	53,13	58,52	58,32	51,66	2022	60,58	61,83	35,38	54,20	42,70	39,35	32,45	2022	76,90	70,33	0,00



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