

Expectation

Oil



Demand worries appeared to be at the forefront among oil market participants yesterday, weighing on the sentiment and market prices, while a strong U.S. dollar helped this move. The Brent front month contract slipped 0,53 USD/bbl on the day to 71,69 USD/bbl. Production outages on the U.S. Gulf Coast could on the other hand underpin the market and avoid steeper losses. We might see some rebound today. Some stronger reaction might occur upon publication of U.S. stocks forecasts today and official data tomorrow as the impact of hurricane Ida could be assessed.

Gas



With Russian gas flows via the Polish-German entry point at Mallnow recovering, European gas markets faced losses initially yesterday. During the session though, the sentiment changed again, resulting in markets pushing for new highs. While partly the overall pretty unchanged supply tightness was cited as a reason among market observers, some were attributing this to lower flows from Algeria to Italy. With Norwegian flows appearing lower this morning, we are looking at a rather high chance of further upside.

Coal



In lockstep with the broader energy complex, the European coal market started the session softer, but reversed course later on. The API2 Cal-22 contract managed to settle the day at 122,70 USD/t, up 0,80 USD/t on the day. Restocking is needed in Europa as well as Asia with hindsight to the current strong demand. The figure of 200 USD/t for coal during this winter was circulated lately. Amid the current environment, there might be further room up today.

Carbon



In what seems a rather rare occasion lately, the emissions market appeared a bit uncoupled from the rest of the energy complex yesterday. Despite gas and power prices extending the recent rally, carbon managed to hit a high of 62,88 EUR/t only, well short of Monday's new all-time high, before settling the day at 61,99 EUR/t (-0,32 EUR/t on the day). In the absence of any other strong explanation, maybe news that the EU watchdog Esma received a complaint of market abuse by speculators spooked the market a bit. One essential part of the complaint seems the lack of position limits for such traders. The carbon market seems a bit indecisive in light of yesterday's development, but a bounce higher is not unlikely.

Hydro



Today's forecasts show just small changes. We see wet weather this weekend due to a passing low where most precipitation will be delivered for the period. In total, the level is around normal levels with 7,5 TWh. The last five days are dry and with low wind, which also is supported by the GFS that has a slightly drier development than the EC forecasts. The main cluster is dry after the 13 September, and it is adjusted down this morning which is slightly more bullish than before. EC12 is more normal towards the end. In general, high pressure activity in the west that moves in over Scandinavia and makes all the low pressure move and disappear up north. The hydrological deficit is around 16,5 TWh.

Germany



The slight weakness in the carbon market had little of an impact on the German power market. On the contrary, contract prices were driven higher by gas and coal markets with the Cal-22 contract hitting a new high at 92,35 EUR/MWh before closing the session at 92,00 EUR/MWh (+1,10 EUR/MWh on the day). The front month and quarter rose 2,00 and 1,70 EUR/MWh respectively to 112,00 and 115,20 EUR/MWh. As fuels markets remain to appear strong, we deem chances of further gains rather high.

Equities



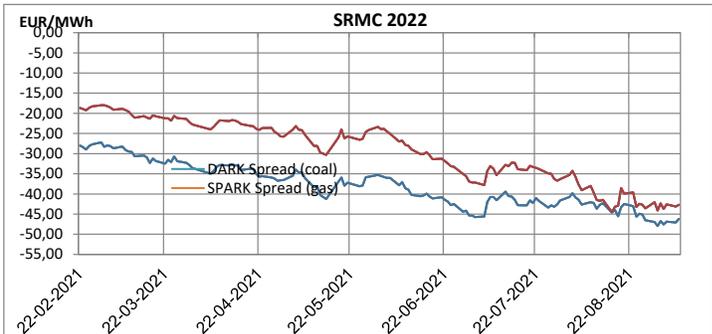
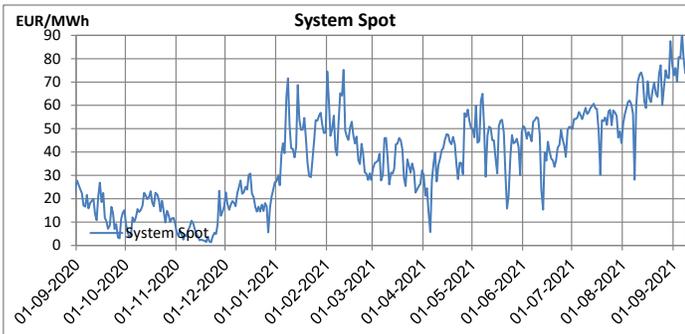
We expect small movements today. Yesterday, the majority of indices (globally) ended in red and this morning futures prices indicate slightly decreasing valuations. However, it seems that the Asian markets will be positive and tech stocks at least in U.S. will perform. We expect rather sideways movements, in no clear direction. Tomorrow, the ECB's President Lagarde will hold a press conference after the rate decision. This may be the key event for this week.

Conclusion



The Nordic power market was not facing a break of the recent rally by the end of yesterday's session. In line with temporary softer gas prices and some wetter days forecast for the nearby period, some downside occurred. Eventually though, gaining gas and German power provided support for the lift into positive territory. Oct-21 at 73,48 EUR/MWh gained 1,23 EUR/MWh, Q4-21 added 1,95 EUR/MWh to 72,00 EUR/MWh. YR-22 up 0,90 EUR/MWh ended the day at 45,68 EUR/MWh. Persistent dry periods in the forecasts and a bullish energy complex are at play today.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS
06-sep	127,82	127,36	98,37	126,45	98,37	115,23	90,91	October	101,48	103,73	76,23	93,48	80,98	82,98	73,48
07-sep	127,98	127,98	77,86	124,25	73,22	108,63	80,22	Q4-21	99,50	102,85	75,20	96,00	81,15	86,50	72,00
08-sep	124,78	124,78	67,71	119,50	62,20	105,45	73,74	2022	76,43	81,68	48,23	70,18	58,23	56,68	45,68



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