

Expectation

Oil



The oil market saw price levels jumping yesterday, breaking the series of three previous sessions with losses. The Brent front month settled up 0,91 USD/bbl, finishing the day at 72,60 USD/bbl. It appears, the aftermath of hurricane Ida has been driving this move as around 77% of production capacity in the U.S. Gulf remains shut in. Unless official U.S. storage data released today surprise in comparison to market expectations, we could see some further upside today. While crude stocks are expected to show a draw down, gasoline inventories are said to have been increasing quite a bit.

Gas



As Russian gas flows at the German-Polish entry point in Mallnow are close to its current average again (though still 25% below nominated levels) it contributed to a drop in prices early yesterday. This was quickly offset as pipeline flows in Algeria remains low as well as a further fall for the Norwegian pipelines. Front month gas at the TTF hub hit an ATH at 55,60 EUR/MWh during the last hour of trading before settling a bit lower. An undisclosed report from Bloomberg suggested commencement of the first leg in Nord Stream 2 on 1st of October though this was not confirmed elsewhere, offsetting this bearish signal. This morning the market opens positive again pushing through yesterday's highs.

Coal



Amid another bullish move within the energy complex, also European coal prices extended their development to the upside once again. The API2 Cal-22 contract settled the day at 123,61 USD/t, up 0,91 USD/t on the day. In the absence of any indication that supply is improving markedly, soaring gas prices remain a significant driver for European coal prices. As the gas market seems set to continue higher, we expect coal to follow this path.

Carbon



After the emissions trading started with prices moving in a sideways fashion yesterday, eventually bullish impulses from related markets helped the Dec '21 benchmark contract to revert to gains. The drive was strong enough to lift the contract to a new all-time high of 63,35 EUR/t. The session was settled at 62,45 EUR/t, up 0,46 EUR/t on the day. This morning, prices are a tad higher again.

Hydro



There are overall small changes from yesterday regarding the weather. EC12 is somewhat drier, but the ensemble is a little wetter in the end. While the operational forecast lands slightly above 6 TWh, the ensemble is 0,5 TWh wetter. GFS shows the opposite where the ensemble is drier down at roughly 5 TWh, the operational forecast shows a low pressure coming in and delivering 8,5 TWh in precipitation. This could be the low pressure activity from the hurricane Larry. Altogether, it is not that much of a change in scenarios, still more of high pressure dominated weather and just a normalization towards the end. Small showers find their way in over Scandinavia from the south from time to time now. Hydrological deficit at 15,5-16 TWh.

Germany



The German power forward curve suffered another lift along its entirety yesterday as gas and carbon setting new highs forced the power market to follow suit, while wind forecasts indicate subdued output lasting into October. The Q4-21 contract, closing at 117,10 EUR/MWh, gained 1,90 EUR/MWh. After setting a new all-time high at 94,20 EUR/MWh, the front year ended the session at 93,95 EUR/MWh (+1,95 EUR/MWh). As no let up in fuels or carbon can be observed yet, German power could well gain again.

Equities



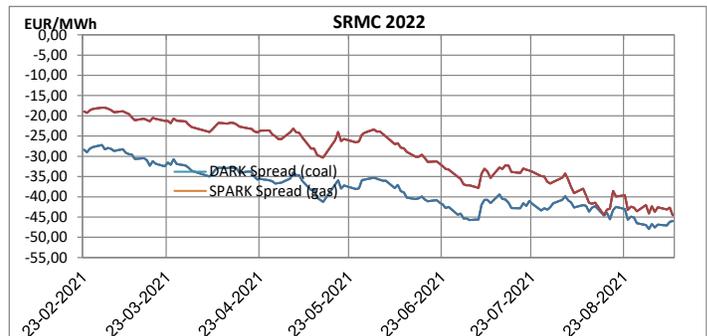
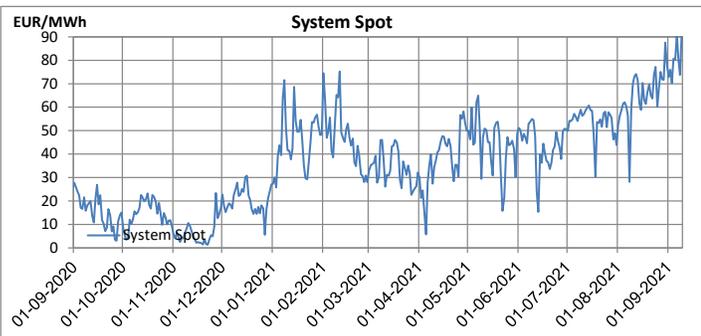
It seems that Asian equities are affected by global worries of slowing growth and central banks tapering aims. Today, the ECB is about to inform the investor community how to reduce economic stimulus. We assume rather steady levels until any reaction to the news. Of course, it is possible to be surprised, but we expect some downward adjustment today. This expectation is supported by futures price changes.

Conclusion



Partly driven by low precipitation levels in the forecasts and the impact on the hydro balance, the Nordic power market booked significant gains once more. The Oct-21, after hitting a 10-year high at 75,50 EUR/MWh, ended the day at 75,11 EUR/MWh (+1,63 EUR/MWh). Q4-21 gained 1,30 EUR/MWh to 73,30 EUR/MWh, while YR-22 was lifted 0,94 EUR/MWh to 46,62 EUR/MWh. Gains for gas and German power contributed here as well once more. Some shift in probabilities from dry to wet solutions seems to weigh on nearby prices this morning, but further out on the curve levels could possibly be sustained today.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS
07-sep	127,98	127,98	77,86	124,25	73,22	108,63	80,22	October	102,86	106,36	76,86	95,11	82,11	86,11	75,11
08-sep	124,78	124,78	67,71	119,50	62,20	105,45	73,74	Q4-21	101,43	104,93	76,40	98,30	82,18	89,80	73,30
09-sep	130,23	130,23	88,74	126,45	88,74	106,02	90,54	2022	77,87	83,25	49,02	74,62	59,62	57,62	46,62



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