

## Expectation

Oil



Oil prices slipped to their lowest end-of-day settlement in about two weeks yesterday, the Brent front month down at 71,45 USD/bbl lost 1,15 USD/bbl on the day. The move was attributed to China publishing plans to release volumes from their state oil reserves as well as a U.S. bond auction pushing yields down, leading to investors leaving riskier assets like oil. It appears that prices are now recovering as U.S. supply shows tightness in the aftermath of hurricane Ida as Shell for example was reported to have cancelled some export cargoes.

Gas



Gas prices yesterday looked similar to Wednesdays price movement, starting out with a dip before rising steadily again. As gas flows into Europe improved, the market showed no fall back as supply concerns during this winter kept momentum high. The TTF front month contract hit an all-time high for a fourth day in a row at 57,275 EUR/MWh before making a sharp decline to close at 56,30 EUR/MWh. Gas inventories in Europe are now around 70%. It seems likely we will see a correction before the weekend.

Coal



Once more, the European coal market had to book rising prices in yesterday's trading session. While a relentless rally in gas prices supported this development, the Asian-Pacific market was also seen to return to gains lately as low storage levels in China and India also stoke worries around the preparation of the upcoming winter season. The API2 Cal-22 contract at 125,23 USD/t added 1,62 USD/t during the day. In case the suspected weakness in gas materialises today, coal prices could well slip as well.

Carbon



In the carbon market, the Dec '21 benchmark contract settled the day at 62,75 EUR/t, up 0,30 EUR/t from Wednesday. After a muted start with temporary losses, the contract managed to close in on its previous all-time high set Wednesday, but couldn't push higher than 63,12 EUR/t. Soaring gas markets remain a major driver behind gains in the emissions market. It appears that we could observe some weakness today.

Hydro



Today's forecasts shows a little more dynamic from the west taking operational forecasts into consideration. The high pressure system moves more to the east in those solutions. Both the EC and the GFS show 8,5-11 TWh which not is picked up by the ensembles. Both operational solutions seem highly exaggerated, but still the pattern lets in showers from south/southwest. Both ensemble solutions are more moderate and down at 5,5-7,5 TWh with the GFS as the driest one. EC12 ensemble puts on slightly more precipitation in the west and is 0,5 TWh wetter than yesterday. This together with the wetter operational forecasts can make the market take a breather regarding input from this variable. Hydrological situation is still a large deficit of 18 TWh.

Germany



The bullish mix of fuels prices soaring and carbon contracts booking some gains provided another marked lift for German power. Low wind output helped to drive the day-ahead price to 138,92 EUR/MWh, the highest in more than 13 years. The front quarter gained 3,05 EUR/MWh to a closing at 120,15 EUR/MWh. The Cal-22 contract set a new record high at 96,80 EUR/MWh intraday, before ending at 96,00 EUR/MWh (+2,05 EUR/MWh day-on-day). While the overall situation is only marginally changed and further upside possible, we might see this morning's downside to last.

Equities



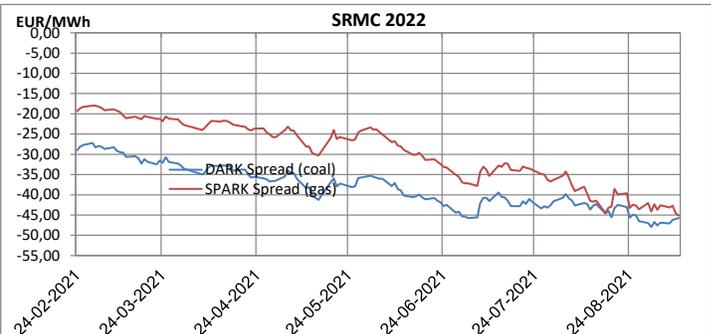
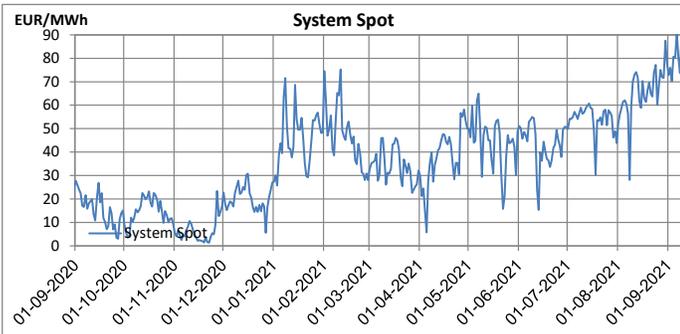
Yesterday, the majority of indices ended red. Today, the Asian indices are green and also futures prices in generally seem to be positive. Yesterday, the ECB signaled it will only slightly reduce its bond purchases, as was expected. However, no signaling of their next policy move later this year was made. All in all, we expect small increases in valuations today due to some relief of weakness in global equities. We address that equities are at high level and there are some doubts reg. growth speed which should diminish risk appetite but in the short term, talks between Biden and Xi have lifted mood.

Conclusion



The Nordic power market started weaker into the session yesterday, possibly reacting to some wetter indications. This could not be sustained throughout the session as the pressure from gaining fuels and continental power prevailed. The Q4-21 contract added 0,65 EUR/MWh to a closing of 73,95 EUR/MWh. The YR-21 contract added 0,98 EUR/MWh to 47,60 EUR/MWh, also being the session's high. While uncertainty around precipitation forecasts for next week remain, some wetter indications could possibly weight on the sentiment.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS
08-sep	124,78	124,78	67,71	119,50	62,20	105,45	73,74	October	105,55	108,15	77,40	100,90	82,90	86,90	75,90
09-sep	130,23	130,23	88,74	126,45	88,74	106,02	90,54	Q4-21	102,78	106,45	76,63	98,95	83,03	90,45	73,95
10-sep	138,29	138,29	100,07	132,28	100,07	107,91	98,13	2022	80,43	84,50	50,10	75,60	60,73	58,60	47,60



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