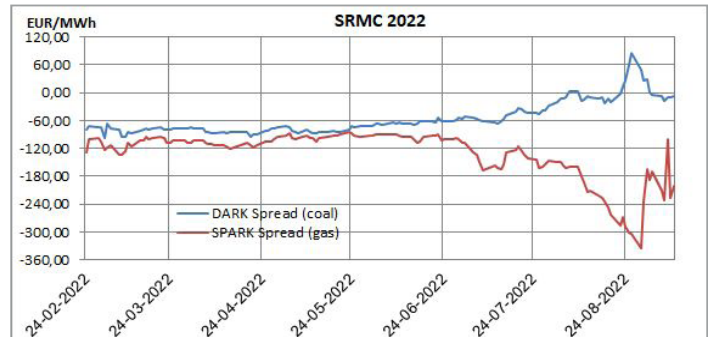
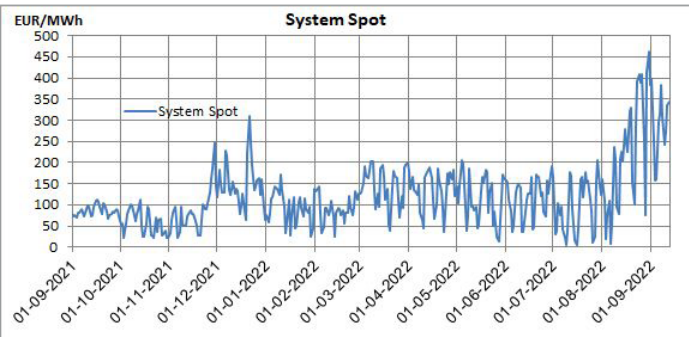


Morning Report September 12 2022

Expectation

- Oil** ⬇️ International oil prices rose in Friday's trading, winning back some of the losses from earlier in the week, which had sent the market to its lowest price level in more than half a year. The market currently focuses on the global economic signals, and despite the recent increases, the fears of a recession are still imminent. The Brent front month contract closed Friday at 92,84 USD/bbl, up around 3 USD/bbl for the day, but opens down early Monday.
- Gas** ⬇️ Friday, the big event across the markets was the EU's emergency energy summit, where state leaders would discuss a potential price cap on Russian gas and. The summit ended without an agreement on this topic, as several nations were against it, including Hungary and Italy. The topic is not completely off the board, but will now need to be re-shaped by the Commission. Prices fell further Friday on the expectations of lower demand and we could see another bearish session Monday.
- Coal** ⬇️ European coal prices fell along with gas Friday. The EU is planning to cut energy consumption significantly during the coming winter, and even though the EU leaders failed to agree on a price cap on Russian gas, the markets still edged down. The API 2 2023 coal contract fell to 300 USD/t, down more than 40 USD/t since the contract peaked earlier this month.
- Carbon** ⬇️ The rapid price falls on the European carbon market continued Friday. The benchmark contract dropped to 66,08 EUR/t and has now lost more than a third of its value over the course of the last few weeks due to fears of a rapid decline in demand once the EU's energy saving plans kick in. Further price falls seem likely in Monday's trading.
- Hydro** ⬇️ Both temperatures and precipitation amounts in the Nordic area have now increased to above normal, but the forecasts indicate that cooler and drier conditions could be on the way during this week. The deficit on the hydro balance is expected at -12 TWh in two weeks' somewhat improved from last week, which is a bearish signal for the Nordic power market.
- Germany** ⬇️ Ahead of the EU summit, the German power market traded further down Friday, amid milder weather forecasts and expectations of political initiatives to stop the recent price climbs. The country's 2023 contract ended up closing at 517 EUR/MWh. Today, the market will have to digest the outcome of the EU summit, which ended with the most important decisions getting postponed. We might receive further news this week, and until then, we expect falling prices Monday due to low spot and milder, windier weather forecasts.
- Equities** ⬆️ Stock markets rose in both Europe and the US Friday, as investors might feel that further increases in interest rates have already been accounted for on the current levels. The bullish sentiment continues early Monday in Asia, on a day where we will also see if the recent developments in Ukraine can have any effect on the development.
- Conclusion** ⬇️ On an overall bearish day across the markets, the Nordic power market also opened with falling prices, but rose late in the session as traders did not receive any decisive news from the EU summit. Most contracts closed more or less where they started, with the Q4-22 and 2023 contracts settling at 255 EUR/MWh and 160 EUR/MWh respectively. We could see a bearish development Monday, where gas and German power falls, while the deficit on the hydro balance decreases.

| Spot | DK1 | DK2 | SE3 | SE4 | HEL | OSL | SYS | Forwards | DK1 | DK2 | STO | MAL | HEL | OSL | SYS |
|--------|--------|--------|--------|--------|--------|--------|--------|----------|--------|--------|--------|--------|--------|--------|--------|
| 10-sep | 404,32 | 404,32 | 223,15 | 223,15 | 223,02 | 410,41 | 273,90 | October | 390,25 | 380,25 | 216,25 | 334,50 | 250,50 | 329,50 | 204,50 |
| 11-sep | 391,49 | 391,49 | 350,08 | 358,60 | 282,05 | 403,58 | 335,29 | Q4-22 | 518,00 | 518,00 | 269,50 | 385,00 | 310,00 | 395,00 | 255,00 |
| 12-sep | 406,66 | 407,92 | 361,27 | 361,27 | 258,33 | 408,63 | 344,92 | 2023 | 398,50 | 404,00 | 173,00 | 329,00 | 172,00 | 242,00 | 160,00 |



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