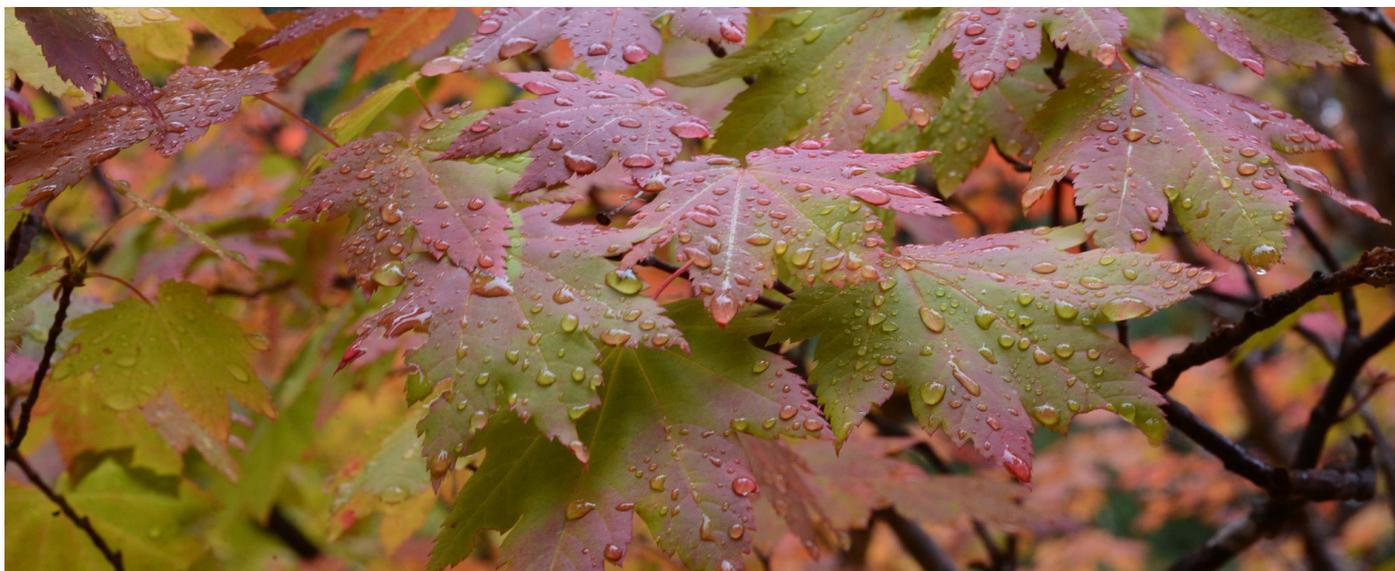


Spot prices remain relatively low

Electricity prices in the Nordic region remain at a relatively low level compared to earlier this year. October was one of the cheapest months this year in the spot market.



Here and now

Week 43 started with further price falls in the forward market, but the market climbed slightly at the end of the week due to somewhat cooler and drier weather forecasts. However, the forecasts remain notably milder and wetter overall than is normal for November. The market has therefore avoided any significant price climbs, not least because the mild autumn weather looks set to continue across the continent. In the spot market we experienced another week of relatively low prices, and October offered the lowest average Nordic system price this year, at EUR 73.54/MWh.

Mild autumn weather continues into November

Unsurprisingly, the European energy markets are keeping a keen eye on the weather forecasts due to the extraordinary situation we are experiencing as we head into winter. With minimal or even no gas deliveries arriving from Russia, the weather situation will be more crucial than ever when it comes to price developments this winter. For now, the autumn has started off as well as consumers could have hoped for with mild weather across most of Europe, and the latest weather forecasts indicate that this will continue. Temperatures

in the Nordic region look set to remain above normal for the first half of November, and the mild autumn weather will also continue in Germany, Europe's largest consumer of gas. The new week started with notable price falls in the energy and fuel markets. In the leading European gas exchange, TTF, the day price has been around EUR 30/MWh this last week, less than one-tenth of the level we experienced when the market peaked at the end of August, and the contracts for the upcoming months and years have also fallen sharply.

Our recommendation

Weather forecasts currently crucial
The market reacts every time colder or milder forecasts are issued. Another crucial factor could be whether the EU announces further news on market interventions that could potentially affect gas prices and thereby also the energy markets.

Forward	Wk 42 (EUR/MWh)	Wk 43 (EUR/MWh)	Expectation (w 44)
ENOMDEC-22	205.00	194.15	→
ENOQ1-23	232.50	233.00	→
ENOYR-23	123.13	120.00	→
SYHELYR-23	32.00	35.00	→
SYOSLYR-23	75.72	74.00	→

Sudden price jump in carbon market

Unlike the energy and fuel markets, which have experienced sharp price falls in recent weeks, we have experienced a sudden uptrend in the European carbon market. Following a long period of neutral trading in the market, the price of a carbon allowance has climbed by no less than 20% in just a week and a half. There do not appear to be any fundamental reasons for the price jump. Rather, it is a result of technical signals causing speculative players in the market to close their positions. One carbon allowance now costs around EUR 80/t.



Market continues to wait for Olkiluoto 3

One of the topics currently generating uncertainty in the Nordic energy market are the many unanswered questions regarding whether stable production can be expected from the new, Finnish nuclear reactor, Olkiluoto 3, this winter. The launch of the nuclear reactor keeps being delayed, and the latest date announced is now 27 December. The market players are loathe to put their faith in this date and it is, of course, of great importance to the market whether the nuclear reactor, which has an installed capacity of 1600 MW, will become functional during Q1 2023.



Forecasts

The weather: Most weather forecasts agree that the temperature levels in the Nordic region will remain above or around normal for the next two weeks. Precipitation volumes around or slightly above normal for the time of year are expected.

Spot: November looks set to start just as October ended, with low spot prices compared to the sky-high levels experienced earlier this year. We anticipate an average Nordic system price of approximately EUR 75/MWh for week 44.

EPADs

The price of the Finnish 2023 EPAD climbed again last week, not least because of the continued uncertainty regarding when Olkiluoto 3 will be put into service. In Norway, the NO1 EPAD for 2023 fell slightly.

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