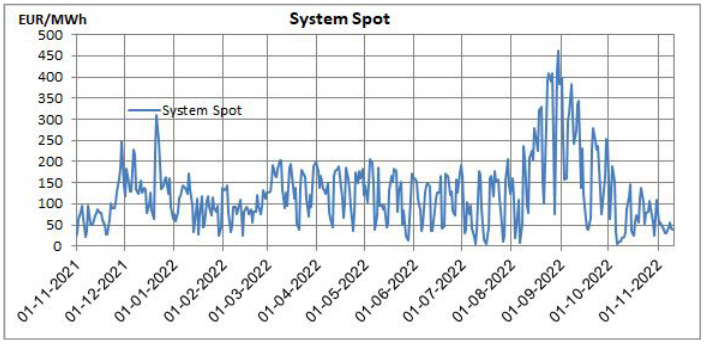
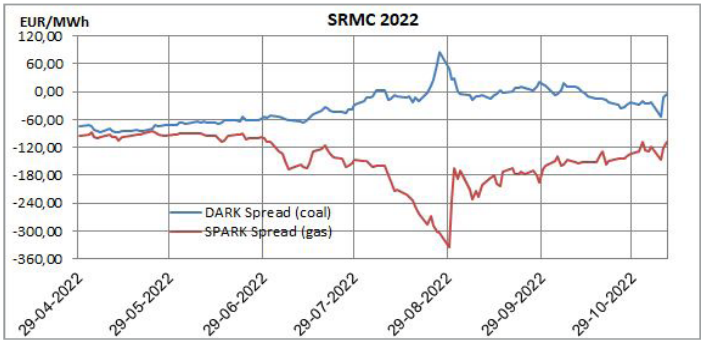
Morning Report November 11 2022

Energi Danmark SECURITIES

	Expectation	
Oil	↗	After some steep losses earlier in the week, we have seen a recovery recently on the international oil market. Yesterday, the Brent front month contract climbed to 93,67 USD/bbl and jumps rather significantly early Friday as well. The increase is attributed to an apparent U-turn in the Chinese corona virus policy. Earlier this week, it was reported that the country's government had rejected easing the strict lockdown measures, but new signals from the health authorities now show otherwise.
Gas	↘	Across the European gas market, we saw sideways trading or modestly falling prices yesterday. Temperatures are falling as winter is approaching, but the level is still higher than normal for this time of the year. Therefore, the market gradually prices in that storages will remained filled until the start of the winter, also because demand is significantly down compared to the same time last year. We expect the downtrend to continue ahead of the weekend.
Coal	↘	On the European coal market, we saw a rebound in Thursday's trading following the massive drops over the previous week. The 2023 contract had fallen 20 % during only a week, but the market recovered to some extent yesterday, with the contract settling at 184,74 USD/t. The market is however still quite calm amid high stock levels and prospects of mild weather across the continent for the coming weeks as well.
Carbon	→	In an important vote in the EU, the European Parliament approved the plan of a sell-off of additional allowances to raise money for investments amid the current energy crisis. This was apparently the outcome which the market had counted on, because the vote did not cause any big fluctuations, and the benchmark contract closed largely neutral for the day. The market rises modestly early Friday.
Hydro	→	Ahead of the weekend, the Nordic weather forecasts remain rather mild, but are getting gradually drier. Expected precipitation during the coming ten days is only around 10 % above normal, and the long-term forecasts indicate drier conditions late in the month. We do not expect today's forecasts to cause any big fluctuations on the Nordic power market.
Germany	↘	While the Nordic power market appears to have reached a bottom and is unwilling to fall further, the German power market continues down amid the flagging gas prices. Yesterday, the country's 2023 contract once again edged down, and as a result, the price gap between the German and the Nordic market is shrinking. This is of high importance for EPAD's particularly in Denmark. We expect the market to continue down today as gas falls further as well.
Equities	↗	Early Thursday, the stock markets opened cautiously, but a better-than-expected US report on inflation led to a bullish development on the markets later in the day. Europe turned optimistic and the US markets were up even higher later in the day. The S&P 500 Index climbed more than 5 % in the most bullish day in two years, and the European indexes rise further early Friday.
Conclusion	↘	Yesterday, we saw a bullish development on the Nordic power market. Following several days of rather sideways trading, the market climbed due to drier – but still quite mild – weather forecasts and further delays to the startup of the new Finnish nuclear reactor Olkiluoto 3. The Q1-23 and 2023 contracts ended up closing at 233 EUR/MWh and 127,70 EUR/MWh respectively. We could see a downwards correction today amid falling prices in Germany and extremely low spot prices for Friday.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS
09-nov	79,55	105,87	33,20	33,20	168,54	41,42	42,33	December	234,50	229,50	182,00	223,50	267,00	224,00	159,00
10-nov	66,34	77,84	37,46	37,46	150,99	26,53	38,67	Q1-23	295,25	295,00	248,25	319,67	348,75	303,00	233,00
11-nov	1,98	3,37	1,95	1,95	2,48	1,93	2,00	2023	303,20	300,45	141,70	257,45	172,70	197,70	127,70





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