

Morning Report January 30 2024

Energi Danmark[®]
SECURITIES

Expectation

Oil



After some sharp price climbs late last week, the week opened bearishly on the oil market. The market faces increased volatility following the attack on US soldiers in Jordan this weekend and the ongoing missile attacks on ships in the Red Sea. The expectations that neither the ECB nor the US Fed will lower interest rates anytime soon weigh bearishly on the market however, and the Brent front month contract fell to 82,40 USD/bbl yesterday. The market opens sideways today.

Gas



Early Monday, the European gas market edged up following news from the weekend about capacity reduction on the large US Freeport gas facility and increased risk premium due to the Middle East unrest. The bullish sentiment did not last however, as mild weather forecasts and low demand overshadowed the bullish signals, and the market ended up closing largely neutral for the day. The market opens down again Tuesday.

Coal



There are some signs that demand is starting to ramp up again on the European coal market, but due to high imports from other continents and stock levels above average at the large European terminals curb any upside on the market right now. The API 2 2025 contract closed yesterday at 95,29 USD/t and we could see falling prices today.

Carbon



The European carbon market made movements similar to the ones on the gas market yesterday, with rising prices early in the session followed by a turnaround later in the day. The benchmark contract, EUA Dec-24, ended up dropping to a two-year low of 61,78 EUR/t and the market will soon test technical resistance around 60 EUR/t.

Hydro



Early Tuesday, the weather forecasts continue to point towards colder, drier and calmer conditions next week, but there are signs that the shift will only be short-lived and that mild weather could return later in February. There is therefore no real hard winter on the way and the outlook therefore appears bearish for the Nordic power market.

Germany



German power prices rose along with gas and carbon early Monday, before the sentiment turned negative later in the day. The forecasts show declining temperatures next week, but no hard winter is in sight and the market appears confident that Germany will get through the winter in a healthy state. Today, we consider falling prices as the most likely scenario once again.

Equities



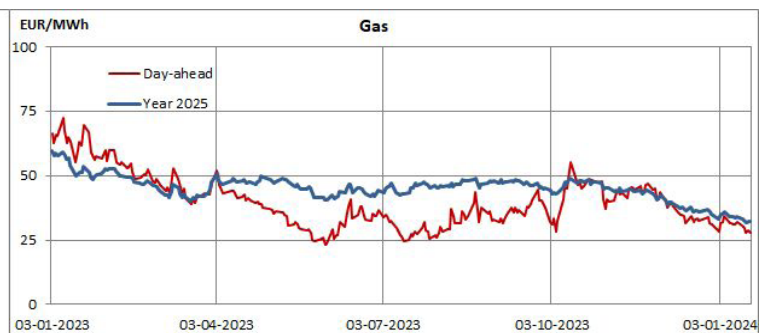
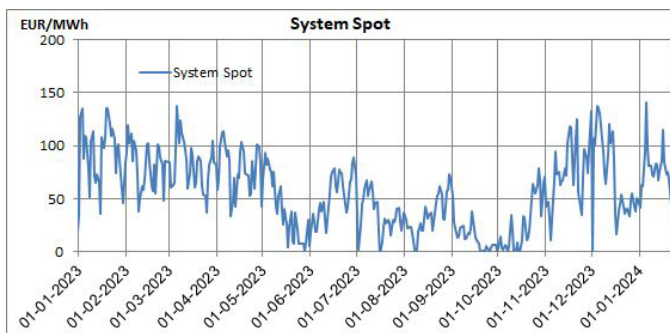
Interest rates remain the main focus point on the international stock markets. This week, European key figures on inflation will give a good indication on whether the ECB will lower interest rates anytime soon, or if, as the market fears, it will take several months before we get there. The Asian markets open bearishly Tuesday morning.

Conclusion



Monday, the Nordic power market opened the day bullishly but the market turned negative later in the day, as did many of the related markets. The fundamental situation remains bearish with mild weather forecasts and both gas, carbon and German power prices at the lowest level in around two years. The Nordic Q2-24 and 2025 contracts closed at 35,20 EUR/MWh and 38,60 EUR/MWh respectively and today, the downtrend could very well continue today.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Gas	TTF
28-Jan	54,91	48,58	12,58	27,70	12,35	54,55	29,57	February	65,40	65,40	53,97	59,38	66,50	68,50	56,00	Day-ahead	28,28
29-Jan	77,71	67,36	48,92	56,75	12,57	70,47	41,05	Q2-24	58,83	55,70	29,95	40,70	40,20	46,70	35,20	Year 2025	32,54
30-Jan	66,49	66,10	59,03	65,69	19,17	63,55	50,26	2025	74,35	73,73	33,40	45,75	42,60	50,60	38,60		



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