

# Morning Report January 31 2024

Energi Danmark<sup>®</sup>  
SECURITIES

## Expectation

Oil



There were only small movements on the international oil market yesterday, but with January coming to an end today, the market is heading for the first month-to-month increase since September. Signs of improving demand and falling inventory levels in the US lead to rising prices, and the uncertainty surrounding the situation in the Middle East following the attack on US soldiers in Jordan this weekend adds to the upside. The market edges modestly down early Wednesday.

Gas



The news from the weekend, that the US Freeport gas facility will see limited operation during the coming month, leads to rising prices on the European gas market at the moment. The event happens at the same time as Qatari LNG deliveries to Europe are delayed due to the missile attacks in the Red Sea and the topics appear to cause some concerns on a market, which is otherwise quite well-supplied. We consider further increases today as very likely.

Coal



European coal prices also rose in Tuesday's session, reacting to many of the same fundamentals as the gas market. Coal remains closely correlated with gas, and the growing uncertainty about the gas supply to Europe therefore also affects the coal market, where the API 2 2025 contract climbed to 95,99 USD/t at the end of the day.

Carbon



After dropping to the lowest price level in around two years Monday, the European carbon market recovered along with gas yesterday. Apart from the bullish support from the fuel markets, the upturn was attributed to profit-taking among short-sellers as well as higher compliance buying due to low prices. We expect the uptrend to continue Wednesday.

Hydro



Wednesday morning, we see a confirmation that next week will be much cooler, drier and calmer in the Nordic area. Looking further ahead, the outlook is much more uncertain, as the forecasts show varying developments later in to February. The hydro balance deficit is around 5 TWh, significantly improved over the last couple of weeks.

Germany



On a day with quite noticeable price climbs on both the gas and the carbon markets, the German power market was also up for a bullish session. The country's 2025 contract climbed around 2 EUR/MWh to 80,73 EUR/MWh, and we expect further increases today, where forecasts look colder and where the gas market also looks set for another bullish session.

Equities



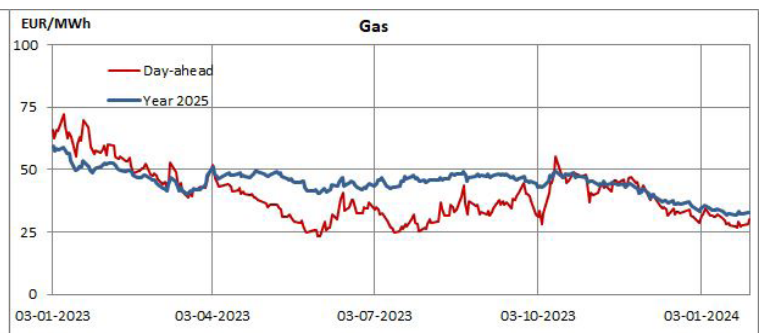
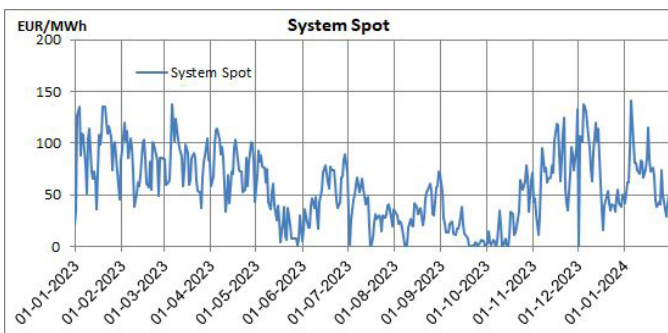
We are approaching a very important day on the international stock markets. The main events of the day will be the European key figures on inflation and tonight's Fed meeting, two things which combined will provide a good indication about how far away we are from interest rate cuts in the US and in Europe. The first signs from Asia early Wednesday are quite bearish.

Conclusion



Tuesday was an overall bullish day across the markets and the increases also affected the Nordic power market. The Q2-24 and 2025 contracts closed at 37,30 EUR/MWh and 39,70 EUR/MWh respectively as the rising gas and German power prices led to a price jump in the Nordic area as well. Today, the first signals point towards further increases as gas and German power rises further whereas the forecasts continue to show colder weather next week.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Gas	TTF
29-Jan	77,71	67,36	48,92	56,75	12,57	70,47	41,05	February	61,13	64,60	53,75	59,10	66,00	67,50	55,00	Day-ahead	29,85
30-Jan	66,49	66,10	59,03	65,69	19,17	63,55	50,26	Q2-24	59,55	57,68	31,80	42,45	42,80	48,80	37,30	Year 2025	32,95
31-Jan	47,71	25,54	18,23	18,23	16,78	53,23	32,66	2025	74,95	72,70	33,70	46,85	43,70	51,20	39,70		



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