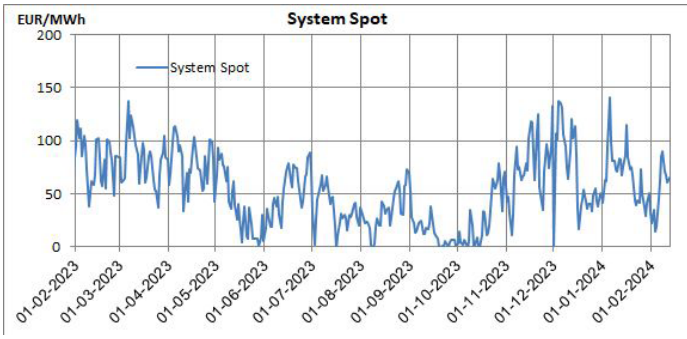
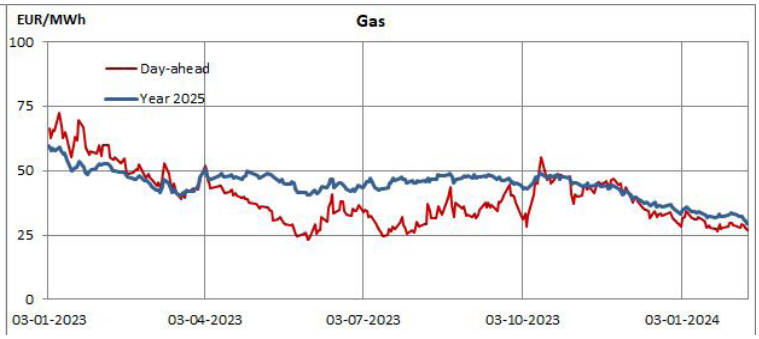
Morning Report February 12 2024

	Expectation	
Oil	→	Friday, the oil market continued the uptrend and prices ended up climbing all days during last week. The bullish sentiment is primarily attributed to the Middle East, where US bombings in Iraq and Syria and fading hopes of a new ceasefire between Israel and Hamas are causing the market to remain nervous. The Brent front month contract climbed to 82,19 USD/bbl Friday, up 7 % during the course of the week, and the market opens largely sideways Monday.
Gas	↘	In complete contrast to the events on the oil market, the European gas market just keeps on falling. This despite the fact that the events in the Middle East also should affect gas, but Europe continues to ignore the bullish signals from that part of the world. As long as Europe remains well-supplied, with storage levels close to 70 % with the end of winter approaching, the uncertainty about the Qatari gas deliveries are not enough to prevent falling prices. Monday, we expect new losses as the forecast show mild weather in Europe this week.
Coal	↘	Even though European gas prices continue to fall, the otherwise closely correlated coal market appears to have stabilized for now. The current price level just over 90 USD/t has been the range for front-year coal for quite some time now but there is no reason to think we are heading for rising prices anytime soon as long as the fundamental situation is as it is.
Carbon	↘	European carbon prices continued their freefall Friday and for the first time since 2021, the benchmark contract closed below 60 EUR/t, closing the day at 58,79 EUR/t. As long as gas continues to fall, the market wins market share from coal and thereby leads to less demand for carbon emission allowances. Furthermore, bearish technical signals add to the downside and we expect the bearish development to continue today.
Hydro	↘	Over the weekend, we have received a confirmation that temperatures will rise gradually to above average in the Nordic area during this week. Next week however, the level will drop below average again, but a return to hard winter does not seem to be in the pipeline anytime soon. The outlook today appears bearish for the Nordic power market amid the absence of real winter.
Germany	↘	With further sharp losses on both the gas market and the carbon market, it was no surprise to see the German power market continue its downtrend as well Friday. The country's 2025 contract dropped to 74,61 EUR/MWh, with mild weather forecasts adding to the down-side. Although the contract is at a 2,5 year low, we could see further price falls today.
Equities	↘	On the financial markets, the most interesting event Friday was that the US S&P 500 Index once again closed at an all-time high. The index was up 0,57 %, after the European markets had initially edged down earlier in the day. Monday, we see a quiet start to the week, with New Year's holiday in several Asian countries but the signals are bearish on the active markets.
Conclusion	↘	After rising steadily during the first days in February, prices have started falling rapidly again on the Nordic power market. Friday, the weather forecasts confirmed the change to milder conditions from later this week, and this combined with the numerous bearish related markets led to another day of losses. The Q2-24 and 2025 contracts fell to 37,40 EUR/MWh and 38,80 EUR/MWh respectively and today, we expect the downtrend to continue due to quite mild weather forecasts and related markets that continue to fall steadily.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Gas	TTF
10-feb	66,55	66,55	66,45	66,45	116,91	66,45	66,95	March	62,75	61,50	51,60	57,30	76,50	68,50	57,50	Day-ahead	26,64
11-feb	61,50	59,38	59,28	59,28	64,80	62,12	60,85	Q2-24	55,40	51,53	31,26	42,93	41,53	48,90	37,40	Year 2025	29,50
12-feb	74,74	74,31	72,24	73,11	74,13	72,36	65,23	2025	69,80	68,55	32,30	45,00	43,20	50,80	38,80		





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