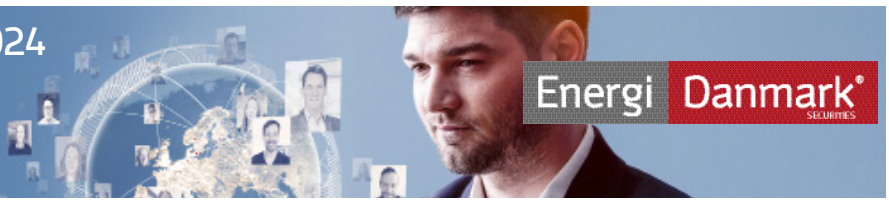
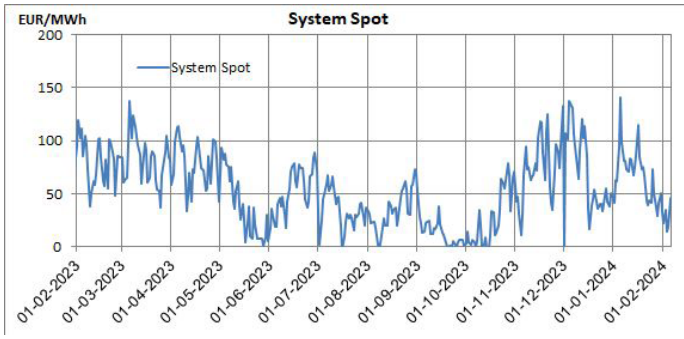
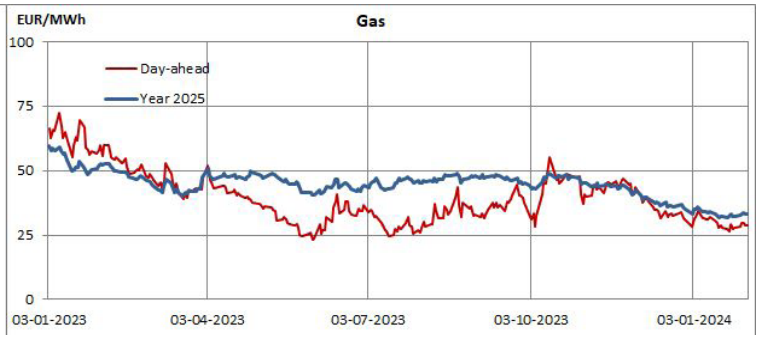
Morning Report February 6 2024



	Expectation	
Oil	↗	After the sharp price fall of 8 % during last week, this week opened with a minor rebound on the international oil market. The US air strikes in Syria and Iraq added to the tensions in the area, and the market now fears a closure of the Hormuz strait as Iran and the US are getting increasingly involved in the conflict. The Brent front month contract climbed to 77,99 USD/bbl and continues upwards early Tuesday as all eyes are still on the Middle East.
Gas	↘	The most important news on the European gas market yesterday was the outage to the large Norwegian Troll field and the Nyhamna plant. The reduced supply led to rising prices across the market yesterday, but the upside was significantly limited as the overall fundamental situation remains strong. Storages are high and the market still does not appear to react bullishly to the increasing Middle East tensions. Today, we see falling prices early in the day as Norway is improving the supply situation.
Coal	↘	European coal prices were little changed in Monday's session. The market continues to deal with very low demand due to high renewables production and low gas prices, but the gas outages in Norway and their effect on the gas market also prevented the coal market from falling further yesterday. We do however expect a bearish development today.
Carbon	→	Monday, we saw falling prices on the European carbon market, in parts attributed to low demand due to the reduced coal consumption. The market also has eyes on the European Commission, which today is expected to highlight initiatives it will work on to comply with the 2040 climate plan which was presented last year. The market opens sideways today but could make fluctuations if the Commission comes up with something very unexpected.
Hydro	→	Temperatures in the Nordic area are expected below average during the next ten days, and both precipitation and wind output should also remain below normal. The coldest days are expected during this week, before we should see temperatures rise from Monday. The rather unchanged outlook appears neutral for the Nordic power market Tuesday morning.
Germany	↘	Neither slightly colder weather forecasts, reduced gas supply from Norway nor increasing geopolitical uncertainty in the Middle East were able to stop the downtrend on the German power market Monday. The country's 2025 contract fell to 79,07 EUR/MWh as the strong bearish fundamental situation overshadows the current events. The market opens down again today.
Equities	↗	Yesterday, the stock markets reacted to the outcome of Friday's job report, with rising interest rates as a result of the strong report. Nonetheless, the stock markets avoided heavy losses one could have expected and the European Stoxx600 Index ended up falling only 0,2 %. Today, the Asian markets open bullishly after the Chinese government has indicated further stimuli to the country's economy.
Conclusion	↗	Over the weekend, the Nordic weather forecasts had turned colder and drier and this combined with the reduced gas output from Norway led to yet another bullish day on the futures market. The Q2-24 and 2025 contracts rose for a sixth straight session and closed the day at 43,95 EUR/MWh and 41,50 EUR/MWh respectively. Today, we consider sideways trading as a more likely scenario as the related markets retreat whereas the weather forecasts are still cold but have not changed since yesterday.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Gas	TTF
04-feb	15,49	13,79	13,50	13,50	13,50	31,26	19,06	March	66,95	67,45	57,70	61,90	78,70	71,70	60,70	Day-ahead	27,63
05-feb	42,12	44,15	44,08	44,08	47,43	45,31	45,82	Q2-24	60,94	59,19	38,69	49,44	47,64	55,44	43,94	Year 2025	32,05
06-feb	48,75	58,28	60,69	60,69	122,47	60,69	61,44	2025	76,00	73,00	34,50	48,65	45,65	53,50	41,50		





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