

Morning Report March 21 2024

Energi Danmark[®]
SECURITIES

Expectation

Oil



Oil prices rebounding as U.S. crude and gasoline stock drawdowns lent support despite signs that the U.S. Federal Reserve may keep interest rates higher for longer. Brent oil futures for May rose 55 cents, or 0.6%, to \$86.50 a barrel Thursday morning, after falling 1.6% on Wednesday. Crude inventories in the United States, the world's biggest oil consumer, fell for a second week, the U.S. Energy Information Administration (EIA) reported on Wednesday.

Gas



Following recent gains, gas prices across Europe were yesterday seen retreating further from their 6-week high. While it appears hard to estimate if the market has reached a ceiling for now, the weather development seems to provide some bearish pressure. Further periods of cold conditions cannot be ruled out, but generally the chance of mild weather is stronger at the moment. The LNG market on the other hand is likely to tighten somewhat with Asian demand increasing, but the European supply situation still shows itself rather robust for now.

Coal



Yesterday's movements were relatively small, years ended red and next winter's quarters ended green. We expect only small movements in prices and our estimate is based on this morning movements in oil prices. The Asian demand will be determinant for mid-term direction. There has not been relevant information available on that matter. Demand side expectations are the driving force rather than supply side issues. The expected direction is sideways or slightly up today.

Carbon



The market seems in the middle term to have reached a support where the 50 EUR/t seems further away than before. Instead financial speculators are lowering their short bets pushing prices up towards the resistance just below 63 EUR/t. We tested the level yesterday without breaking through it. A weaker finish for the day in the low 60 was the result. Although it seems like momentum is turning with a general trend of firming fuels where gas is being tracked, it seems more will come in on the long side. Fewer rights will be auctioned during Eastern which is on the bullish side. Short term it is a struggle between lower demand for gas in Europe and rising premium for oil and for demand of coal in Asia. Today mostly sideways movements is expected.

Hydro



Mild, windy and wet weather enters in a low in today's prognosis starting from tomorrow and over the weekend. However, this low moves on and a turn to drier and colder conditions starting next week. All in all normal precipitation and slightly above normal temperature and slightly drier than previous prognosis could give some support for the market this morning.

Germany



Contract prices in the German power market continued to withdraw from recent high during yesterday's session. The front month settling at 57,50 EUR/MWh lost 1,45 EUR/MWh on the day, the front year contract down 0,93 EUR/MWh settled the day at 80,43 EUR/MWh. According bearish pressure was provided by softer gas prices, while at the same time the emissions market traded a tad softer as well. This sentiment seems to be carried into the market opening today and some downside is observed again.

Equities



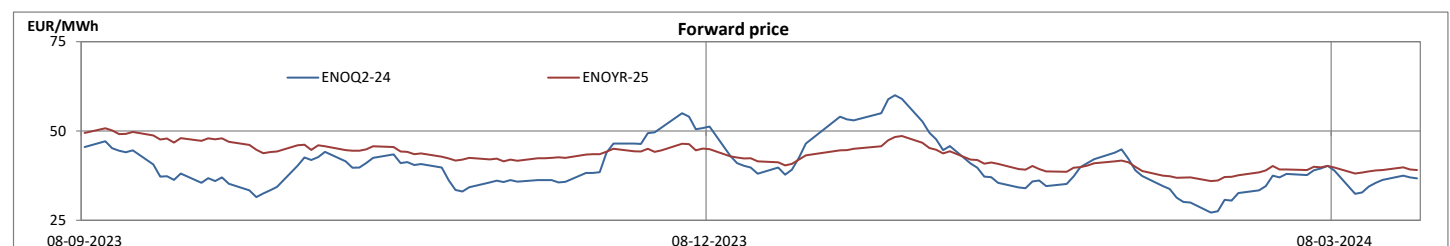
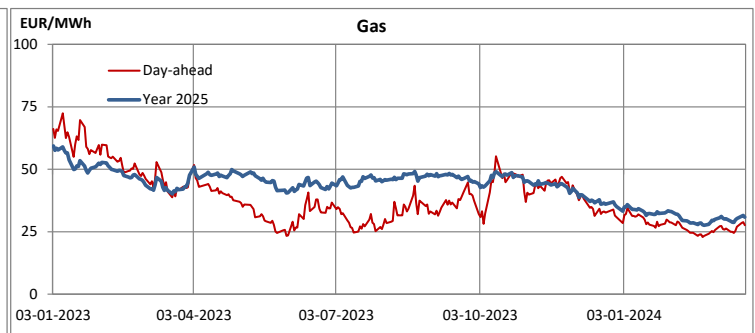
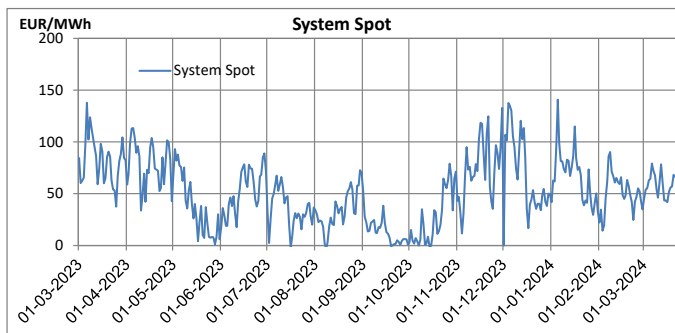
The stock markets rose again yesterday ahead of the highly anticipated meeting from the US central bank regarding their thoughts on where the interest rate is heading this year. They plan to stay on course and lower the rate three times despite expectations of stronger economic growth. This sparked further rises on the US markets as the S&P500 index closed up 1%. Overnight the sentiment has continued on the Asian markets and the European markets looks set to head higher as well.

Conclusion



The Nordic power prices retreated again yesterday where the Q2-24 and Cal-25 closed at 36,73 and 39,05 EUR/MWh resp. Weather fundamentals showed bearish signs in the near term and the momentum on the related markets seems to be shifting downward again. Both the gas and power markets are slowly shrugging of the recent rise and regardless of the drier weather outlook this morning the Nordic power prices seems bound for another fall today.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Gas	TTF
19-mar	72,72	79,57	58,11	79,42	57,60	60,80	57,09	April	56,43	56,88	44,38	52,13	46,13	55,63	47,63	Day-ahead	27,60
20-mar	91,34	91,34	70,47	85,24	64,73	72,84	68,12	Q2-24	53,23	54,86	31,48	43,98	35,23	45,73	36,73	Year 2025	30,83
21-mar	79,42	80,17	73,99	79,79	82,63	71,72	66,43	2025	76,00	74,55	33,70	45,05	43,55	48,55	39,05		



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