

Morning Report May 13 2024

Expectation

Oil



Oil prices dropped Friday to close at 82,79 USD/bbl, its lowest this month. Oil prices extends declines on amid signs of weak fuel demand and as comments from U.S. Federal Reserve officials dampened hopes of interest rate cuts, which could slow growth and crimp fuel demand in the world's biggest economy. The oil markets disregarded the Middle East conflicts' influence and refocused on the global economic prospects once more. Brent Crude futures slid 25 cents, or 0.3%, to \$82.54 a barrel by Monday morning.

Gas



Initially gas prices went higher during Friday's session before turning around and closing at the lowest of the week. Opposite the usual pattern, the gas market was dragged down by the CO2 price as the falling CO2 prices makes it less attractive to use gas as opposed to the more carbon-intensive coal for power generation. With healthy inflows from Norway, given the planned outages for maintenance, and an overall healthy storage in Europe with warmer weather ahead, prices looks set to continue down today.

Coal



During the last week, the price of coal in API2 did not move much. In generally, prices went slightly down. It was said las week that power production from fossil fuels was a record low in the EU last month. Today we expect co-movements with other energy commodities to continue. The expected direction is slightly down today.

Carbon



After hitting the highest price level since January 8 on Friday, CO2 retreated and closed at 71,50 EUR/t. The initial rise was attributed to a low auction supply and the tightening of short positions. However, the price could not withstand the strong technical resistance at 75 EUR/t after breaking through and the downturn then proved that healthy fundamental signals in the form of higher renewable energy outputs is keeping a downward momentum on the CO2 price. The next technical level can be found at around 70 EUR/t which might get tested today.

Hydro



Currently, a high pressure moves over Scandinavia giving temperatures 4-5 degrees above normal. At the end of the week, a low pressure will move in from southwest which brings more unsettled, wet weather with normal temperatures. Overall the precipitation remains below normal levels which maintains a deficit in the hydro balance though it is improving slightly with the expectations of wet weather at the end of the week.

Germany



Similar to the gas and CO2 markets, German power prices also dropped during Friday despite starting out stronger where the Cal-25 reached its highest price in May before reversing to settle at 93,82 EUR/MWh. As we head into the summer season with lower consumption, higher wind and sun levels and healthy gas storage levels as well as falling prices on CO2 and gas, German power prices looks set to move lower.

Equities



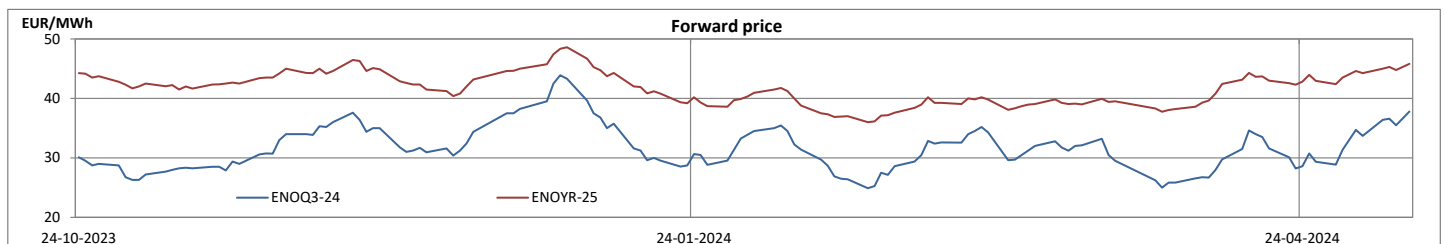
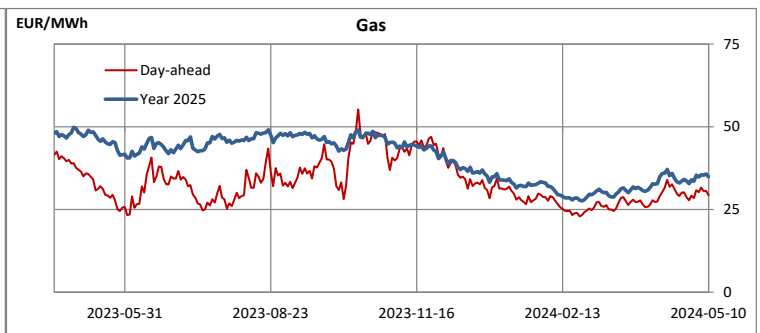
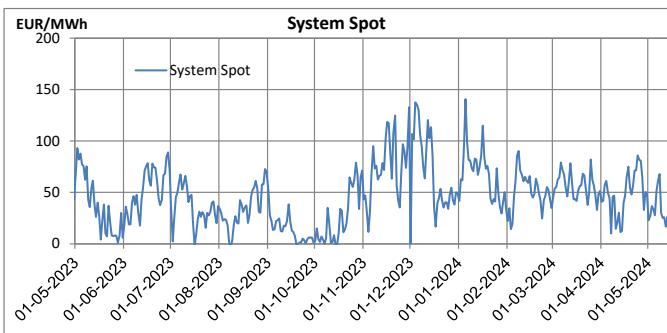
The Stoxx 600 finished the week up 0,77 %, posting its sixth straight day of closing higher and its strongest weekly gain since mid January. Global stock markets all rose Friday as hopes of an interest rate cut coming sooner rather than later in the US strengthens as well as corporate earnings continuing to be strong. Overnight the Asian stock markets are giving mixed signals as economic data are showing signs of an improving economy. Same goes for European futures which are pointing to a rather neutral opening.

Conclusion



The Nordic power prices started out higher on Friday driven by the drier weather forecasts and rising prices on related markets. But the dry weather and declining hydro balance was not enough to offset the related markets which meant the Q3-24 and Cal-25 eased back to close at 38 and 45,80 EUR/MWh resp., but still up 2,5 and 0,9 EUR for the day. As the weather forecasts continue to show dry weather, related markets will keep a grip on the Nordic power prices.

| Spot | DK1 | DK2 | SE3 | SE4 | HEL | OSL | SYS | Forwards | DK1 | DK2 | SE3 | SE4 | HEL | OSL | SYS | Gas | TTF |
|--------|-------|-------|-------|-------|--------|-------|-------|----------|-------|-------|-------|-------|-------|-------|-------|-----------|-------|
| 11-maj | 51,14 | 57,31 | 17,60 | 52,62 | 13,67 | 31,06 | 25,82 | June | 65,48 | 67,85 | 27,98 | 50,88 | 33,15 | 41,35 | 33,85 | Day-ahead | 29,31 |
| 12-maj | 22,17 | 24,70 | 11,49 | 21,25 | 18,98 | 19,63 | 16,61 | Q3-24 | 72,55 | 71,05 | 30,30 | 40,82 | 44,55 | 45,30 | 37,80 | Year 2025 | 34,94 |
| 13-maj | 29,53 | 30,42 | 25,21 | 30,30 | 121,18 | 26,18 | 26,58 | 2025 | 85,55 | 80,30 | 40,05 | 52,96 | 50,45 | 54,80 | 45,80 | | |



The Morning report is produced on the basis of information about the Nordic power market from sources which Energi Danmark A/S finds reliable. We attempt to continuously keep data correct and up to date. Energi Danmark A/S assume no responsibility for the accuracy of the contents of this report. Energi Danmark A/S makes reservations for typing errors, calculation errors and assume no responsibility for any loss or damage arising from the direct or indirect consequences following use of this material. Estimates and recommendations can be changed with no prior notice or warning. The report is confidential and only intended for clients of Energi Danmark A/S. Information contained in the report is of general nature and cannot be defined as advice. Readers are urged to seek closer advice in relation to specific questions. This material is not to be published or in any other way passed on for unauthorized use.