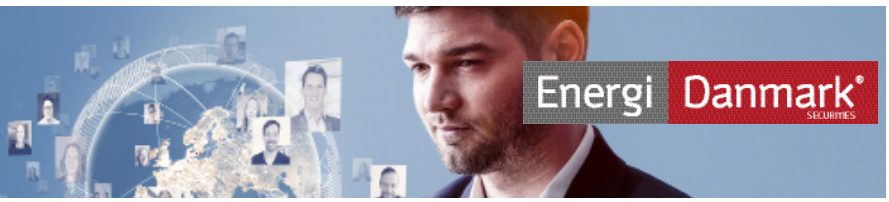
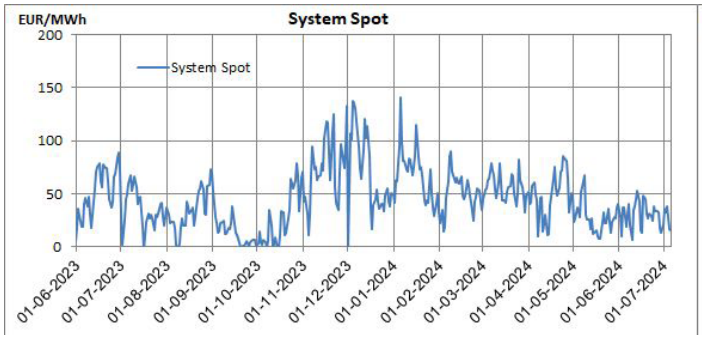
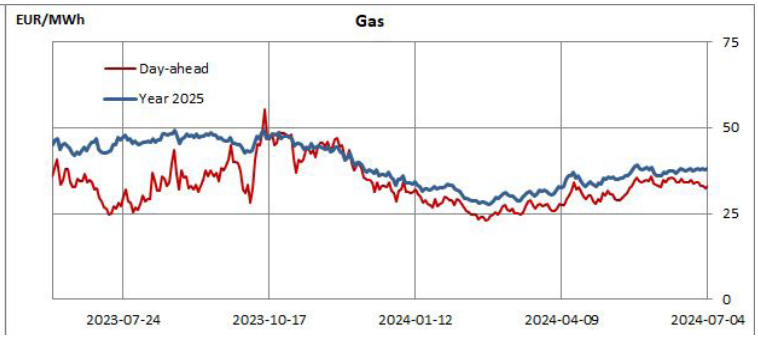
Morning Report July 5 2024



	Expectation	
Oil	→	On the oil market, the sentiment remained bullish Thursday. We have seen a long-lasting uptrend over the last several weeks, which have caused the Brent front month contract to rise around 15 % in only a month. Yesterday, it closed at 87,43 USD/bbl, the highest price level since April. The market responds to strong global demand signs, with falling inventory levels in the US adding to the upside this week. The market opens slightly down Friday morning.
Gas	↗	Following an initial downturn, the European gas markets changed direction late yesterday and ended up closing modestly higher than the day before. Europe remains well-supplied, and temperatures remain quite low, which keeps consumption limited at this time of the year. There are however some moments of uncertainty, such as growing tensions in the Middle East, which offsets the bearish signals and we could see another day of rising prices Friday.
Coal	↗	European coal prices also rose yesterday, with the market recovering a bit following the quite sharp losses during the previous couple of weeks. At the end of the day, the API 2 2025 contract closed at 117,09 USD/t, around 3 USD/t higher than Wednesday. We consider rising prices as the most likely scenario again Friday, where the related markets also edge further up.
Carbon	↗	Thursday, the uptrend on the European carbon market was halted, and following four straight sessions of rising prices, the market edged modestly down. The benchmark contract closed at 70,07 EUR/t. All eyes are now on Sunday's general election in France. Should the right-wing National Unity party win and be able to form a national government, it could have big consequences for the European energy markets.
Hydro	→	Ahead of the weekend, we continue to see weather forecasts for the Nordic area dominated by low pressure weather. Expected precipitation during the forthcoming ten days is 40 % higher than seasonal normal, whereas temperatures should remain below normal. The outlook, unchanged from yesterday, appears somewhat neutral for the Nordic power market today.
Germany	↗	The German power market rose modestly along with gas yesterday, with the country's 2025 contract closing at 94,05 EUR/MWh. The market edges sideways early Friday, like the other markets holding the breath ahead of Sunday's election in France, which could also have big consequences for Germany, who often relies heavily on import from France.
Equities	→	The European stock markets edged up yesterday, with the S&P 500 Index gaining 0,51 %. The US markets were closed due to public holiday. The markets move largely sideways early Friday, as the outcome of the British general election, with a huge victory for the Labor Party, was largely expected. Today's US job numbers and Sunday's election in France will be the talking points today.
Conclusion	→	Yesterday, the downtrend continued on the Nordic power market, with mild and wet weather forecasts and a narrowing deficit on the hydro balance as the main drivers. The Q4-24 and 2025 contracts closed the day at 45,90 EUR/MWh and 41,50 EUR/MWh respectively. Early Friday, the first signals are somewhat neutral. The forecasts remain wet, but rising prices on the gas market and in Germany could offset the bearish sentiment to some extent.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Gas	TTF
03-jul	65,97	67,24	33,98	67,24	32,32	37,27	38,59	August	70,75	71,13	25,35	37,50	38,75	39,50	31,75	Day-ahead	33,06
04-jul	17,20	19,88	15,20	19,88	15,95	16,48	17,15	Q4-23	78,90	77,40	40,40	50,90	52,30	56,30	45,90	Year 2025	38,16
05-jul	19,76	19,44	10,87	10,87	11,06	19,38	16,03	2025	79,75	76,75	36,00	47,90	47,35	51,25	41,50		





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