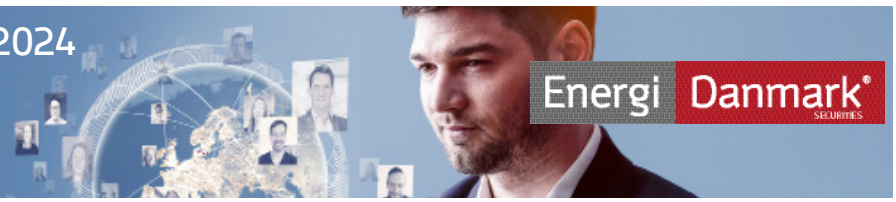
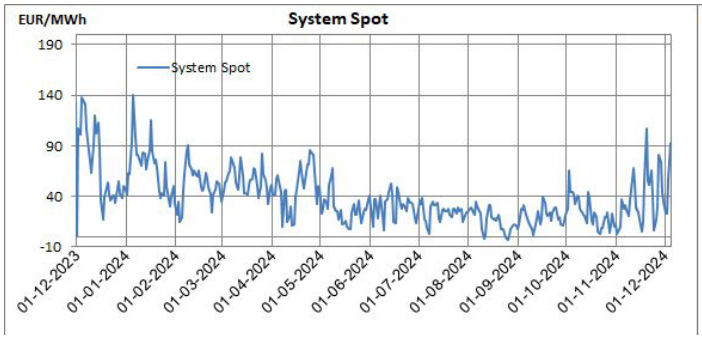
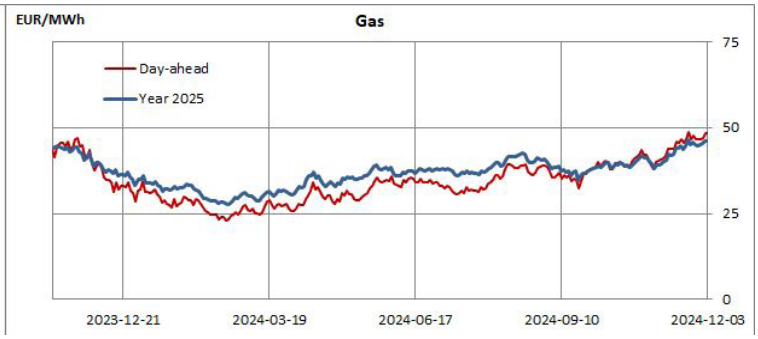
Morning Report December 5 2024



	Expectation	
Oil	→	International oil prices retreated again in Wednesday's session following the uptrend during the previous day. All eyes are right now on tomorrow's OPEC+ summit, where the organization has to decide if they want to follow through on their decision from summer to increase production. A lot of rumors are flowing already about the possible agreements between the countries and the market will continue to respond to this Thursday.
Gas	↗	European gas prices continued to fall yesterday, but there are no general changes to the fundamental situation. The weather forecasts suggest colder weather in Germany – Europe's largest gas consumer – next week and the uncertainty about supply from Russia adds to the nervous sentiment. We expect a rebound today.
Coal	→	On the European coal market, prices fell for a ninth straight day Wednesday, where the API 2 2025 contract fell to 117,04 USD/t. Coal imports to Europe have improved lately following a dull period earlier during autumn and this means the market has decoupled from gas, which has generally been bullish lately.
Carbon	↗	European carbon prices fell along with the gas market yesterday. Falling gas prices make coal less attractive in the energy mix and lowers the need for allowances. The benchmark contract, the EUA Dec-24, closed the day at 67,86 EUR/t, down around 1 EUR/t for the day, but if gas manages to rebound today it is quite likely that carbon will also recover.
Hydro	→	Next week in the Nordic area appears somewhat colder today than what was forecasted yesterday, with temperatures just below average. The outlook also suggests quite cold and calm conditions during the next couple of weeks. The hydro balance remains in a relatively stable surplus, expected at 10 TWh in two weeks' time.
Germany	↗	German power prices continued to fall yesterday, tracking the downtrend on the gas market. The country's 2025 contract was down more than 2 EUR/MWh, closing at 96,00 EUR/MWh. Temperatures in Germany are set to drop below average at least a period of next week, but no rough winter cold is on the way. The market opens with a recovery Thursday.
Equities	→	Early Wednesday, the sentiment was negative on the European stock markets due to the events in South Korea the previous evening, but the optimism prevailed as the day went on. Falling interest rates and dovish comments by Fed Chief Powell also led to a bullish session in the US, where the S&P 500 Index closed the day up 0,61 %.
Conclusion	↗	Wetter and milder weather forecasts, combined with falling prices on the gas market as well as the German power market led to a bearish development on the Nordic futures curve as well yesterday. The Q1-25 and 2025 system futures closed at 54,40 EUR/MWh and 37,30 EUR/MWh respectively. Today, we could very well see a rebound. The forecasts appear colder than they did yesterday and the related markets also appear to edge up today.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Gas	TTF
03-dec	132,35	139,10	92,37	89,54	99,83	70,07	55,53	January	98,70	99,28	68,25	71,01	73,95	69,45	55,45	Day-ahead	46,76
04-dec	177,82	170,62	143,01	151,52	128,81	101,04	92,55	Q1-25	92,53	87,53	62,92	69,06	76,40	68,40	54,40	Year 2025	44,94
05-dec	76,04	79,88	59,99	70,28	54,53	56,97	37,09	2025	86,30	84,18	36,95	48,10	48,90	46,80	37,30		





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