

## Expectation

Oil



Oil prices continued their steady incline Wednesday, where the market rose for a fifth straight day and reached the highest price level since the beginning of March. A weakening US dollar compared to other important currencies is bullish for the market, as is news that US inventory levels are declining further. The Brent front month contract closed the day at 45,17 USD/bbl and we could very well see another day with gains Thursday.

Gas



Both day-ahead and curve contracts on the European gas markets continued the upwards yesterday. Warmer weather across Europe appears to be a difference-maker on the market as it increases gas demand, but lower flows from Russia adds to the upside as the heavy oversupply which the market has now experienced for several months is easing a bit.

Coal



Even though the oil and gas markets continued to rise yesterday, the European coal markets could not follow suit. Instead, the API 2 Cal-21 contract edged slightly down, settling at 59,65 USD/t, 0,11 USD/t lower than the previous close. Warm weather is a bullish signal for the market, but we still expect another day with only small fluctuations today.

Carbon



Following the big increase Tuesday, the European carbon market edged down a bit yesterday after opening with gains. There are no noticeable news from the market to report at the moment, where the benchmark contract closed the day at 26,77 EUR/t yesterday, and where we expect another day with modest fluctuations.

Hydro



We do not see any noteworthy changes to the weather forecasts early Thursday compared to the outlook late yesterday. Conditions are expected very dry and warm until mid-next week, but from that point on, milder and wetter weather is expected. As a dry day has been taken out of the 10-day outlook and a wetter day has been added, the forecast could be interpreted bearishly by the Nordic power market.

Germany



For the first time in almost two weeks, the Cal-21 contract on the German power market edged above 40 EUR/MWh yesterday. It closed at 40,04 EUR/MWh, with bullish gas and the upcoming heat wave weighing heavier on the market than the bearish carbon and coal markets. We expect the market to take a break from the uptrend and trade largely sideways today.

Equities



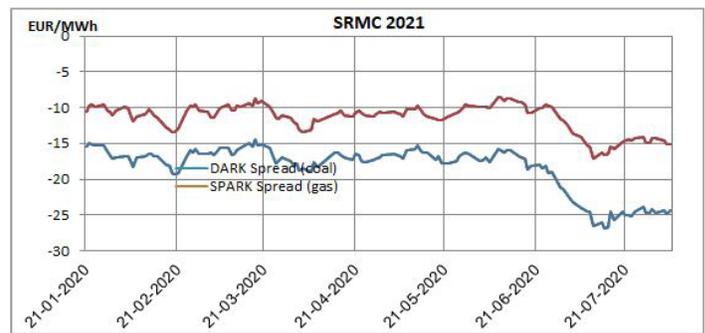
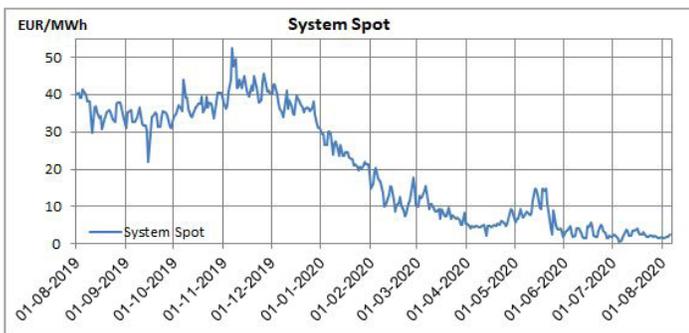
Wednesday, the bullish sentiment returned to the European stock markets. The stocks of several big European airlines recovered and this led to a positive sentiment across the market. The sentiment continued later in the day in the US. Early Thursday, the first signs from the Asian markets are rather mixed.

Conclusion



On the Nordic power market, the continuously dry and warm weather forecasts that are currently provided remain the main driver. Yesterday, the market edged further up, both on the short and the long end of the curve, as the hydro balance surplus is weakening. The Q4-20 and YR-21 contracts closed at 19,25 EUR/MWh and 20,85 EUR/MWh. Today, the forecasts show wetter, milder weather approaching and this could cause falling prices on the short end of the curve at least.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
04-aug	36,39	36,60	30,65	36,06	34,83	1,28	2,00	August	33,43	34,68	27,18	32,68	36,18	6,36	10,68	August	42,77	25,89	61,46
05-aug	27,42	29,55	18,22	28,91	42,91	1,13	2,02	Q4-20	32,80	34,93	25,13	29,75	40,25	17,60	19,25	Q4-20	43,37	32,97	0,00
06-aug	33,11	33,27	27,61	32,89	43,84	1,25	2,50	2021	32,43	33,93	23,40	26,60	33,15	20,85	20,85	2021	45,21	36,02	0,00



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