

Expectation

Oil



After a steady upturn earlier in the week, the international oil markets could not continue the streak yesterday. The Brent front month contract instead closed at 45,09 USD/bbl, largely unchanged from Wednesday. Although the market seems confident in demand recovery, the corona virus and its increasing figures in large parts of the world limits the upside. Friday, we expect another neutral session.

Gas



Thursday, we saw further gains on the European gas markets, which have experienced quite a boost recently due to warm weather across Europe, limited supply and higher prices in the US as well. As with the oil market, the corona virus concerns are still relevant however, and storage levels remain strong despite the recent increase in demand. We could see a downwards adjustment Friday.

Coal



Demand remains very weak on the European coal markets. Coal continues to experience heavy competition from gas, and the supply situation is strong with storage levels on the main European coal terminals well above average. The API 2 Cal-21 contract settled yesterday at 59,39 USD/t, down 0,26 USD/t for the day.

Carbon



European carbon emission prices moved sideways most of the day yesterday, before taking a dive late in the session. The benchmark contract closed the day at 26,39 EUR/t, down 0,38 EUR/t for the day, with technicals and speculative trading still the main driver on a market, which traded above 30 EUR/t just a month ago. The market falls further early Friday.

Hydro



Expected precipitation in the Nordic area during the forthcoming ten days is less than half than seasonal average. The upcoming weekend and the first half of next week looks very dry. From then on, the conditions could get wetter, but will likely remain below normal nonetheless. The outlook is largely neutral for the Nordic power market since it is more or less unchanged compared to yesterday.

Germany



The German power market traded more or less sideways yesterday, and the losses on the carbon market happened so late in the day that Germany failed to make any reaction to it. The country's Cal-21 contract closed at 40,69 EUR/MWh but could edge down today when the late carbon downturn yesterday and the continuing losses early Friday are priced in.

Equities



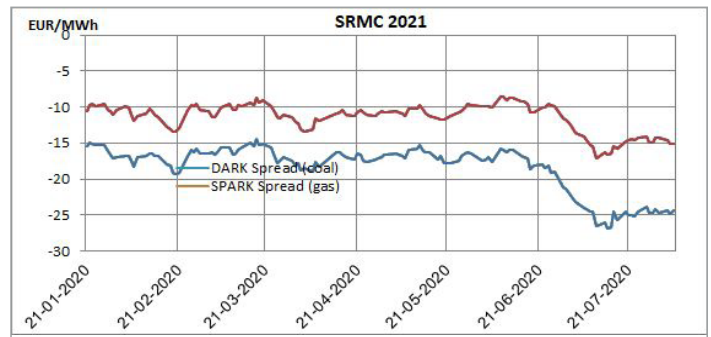
Yesterday, the European stock markets traded down, followed by a more positive sentiment in the US later in day. Early Friday, focus has turned to US President Donald Trump's decision to ban US transactions with a Chinese tech giant, and we therefore expect a bearish session across the markets today.

Conclusion



After rising rather sharply earlier this week, we saw a downwards adjustment on the short end of the Nordic power market yesterday. Some weather forecasts suggest wetter conditions again from mid-next week, a bearish signal for the power market, where the Q4-20 contract fell 0,70 EUR/MWh to 18,55 EUR/MWh. The YR-21 contract moved largely sideways and closed at 20,75 EUR/MWh. Friday, losses seem like the most likely scenario on the long end of the curve as the downturn on the carbon market is the most important price driver.

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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