

Expectation

Oil



On Wednesday oil prices rebounded from three-month lows. Record supply cuts by OPEC+ have helped support prices, but with weak economic figures being reported almost daily, the outlook for demand for oil remains bleak. The Brent front month rose 1,01 USD/bbl or 2,5% to settle at 40,79 USD/bbl yesterday, after dropping more than 5% on Tuesday to fall below 40 USD/bbl for the first time since June this year. Today we expect the oil market to trade sideways.

Gas



European gas markets pulled away from last week's multi-month highs, and despite a rebound to gains during the day contracts ended up with daily losses still. Prompt contracts remain under pressure due to warmer conditions while high storage levels start to raise concerns about their max capacity likely to be hit before winter season. Longer-dated contracts also seem to have reacted to availability of LNG increasing as the U.S. facility Sabine Pass resumes operation after suspending it due to hurricane Laura. The market is opening with additional gains today.

Coal



Yesterday, the European coal market initially continued to head higher. Eventually the market turned around and contracts ended only marginally in positive territory or slightly below Tuesday's closing levels. The API2 Cal-21 settling at 56,46 USD/t, gained as little as 0,01 USD/t. Some support might have come from stronger demand in parts of Asia. Some bearish signals might have been provided by softer gas markets. We expect a rather sideways trading to continue.

Carbon



Gapping lower at the opening, the market set a new two-week low at 26,09 EUR/t, but seemingly found solid support at this level. Heading higher subsequently, the Dec '20 contract settled the day at 27,20 EUR/t, up 0,41 EUR/t. As we are heading into the last quarter of 2020 there might be some increased compliance demand before heading into phase IV of the EU ETS in 2021. Upon opening this morning the contract headed higher, while potentially the market could run into a resistance again.

Hydro



Today's forecast from the EC modelling is wetter according to the operational solution which is up on almost 10 TWh due to new lows coming in at the end. It is not supported by the ensemble mean that sees small variations from yesterday and ends up at 8 TWh. From the 17 of September and onwards it is in line with the normal for the rest of the maintaining period. The GFS ensemble is drier from the 17 of September and shows the influence from the high coming in from southwest and parks over Scandinavia. In the EC operational the high is placed more over the continent. EC00 will give an answer if that solution should count as an outlier. The surplus in the hydro balance stands at 15 TWh for the time being.

Germany



Nearby prices were weighed down yesterday with the Oct-20 contract closing at 38,70 EUR/MWh, down 0,80 EUR/MWh on the day. Q4-20 lost 0,30 EUR/MWh to finish at 40,10 EUR/MWh. Milder weather and soft gas prices might have helped here. The Cal-21 on the contrary gained 0,25 EUR/MWh to close at 40,90 EUR/MWh, taking the impulse from CO2. The market should gather some support from gas and CO2, but the risk of another turn around is worth keeping in mind.

Equities



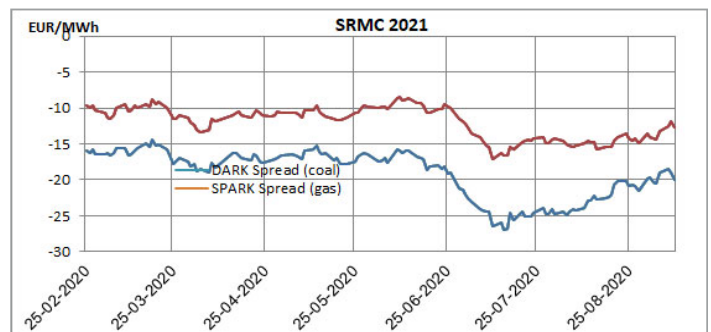
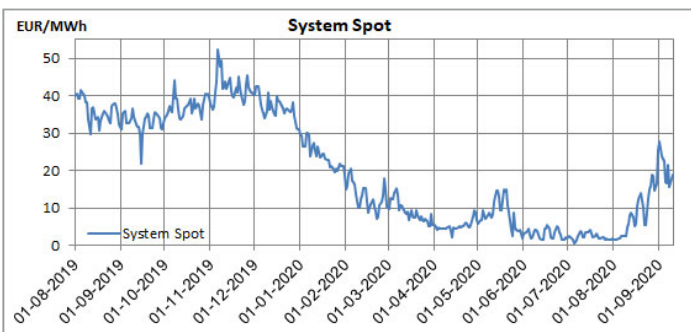
After the recent sell-off in hot tech stocks, the markets now recovered to some extent. Today, markets are up in Asia while also equity futures indicate small increases. The majority of global indices ended green yesterday, and we reckon this to continue. Market comments about recent developments are describing a healthy correction and panic seems to be averted. We assume markets to go up today in Europe as well but the equilibrium is fragile.

Conclusion



Yesterday the Nordic power market posted rather extended losses, that occurred along the whole forward price curve. OCT-20 shed 1,25 EUR/MWh to settle at 22,35 EUR/MWh. It appears that wetter developments at the tail end of the current forecasting period were given rather big attention. Q4-20 was likewise shedding 1,10 EUR/MWh to settle at 25,10 EUR/MWh. For YR-21 losses were cut to 0,75 EUR/MWh, settling at 24,65 EUR/MWh. With some uncertainty around weather developments and gas and German power gaining lately, we expect the Nordic market to recapture some ground today.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
08-sep	32,21	31,67	26,18	29,80	36,35	11,54	15,80	September	35,48	37,85	30,35	33,85	39,35	20,35	22,35	September	43,16	31,75	59,42
09-sep	29,88	32,41	29,57	32,41	45,61	11,76	18,07	Q4-20	34,98	37,48	30,65	33,85	39,60	23,85	25,10	Q4-20	43,38	35,82	0,00
10-sep	41,36	41,45	39,65	41,22	43,15	11,64	19,02	2021	34,13	35,50	27,23	30,65	38,40	24,65	24,65	2021	44,64	37,31	0,00



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.