

Expectation

Oil



Oil prices dipped on Thursday after data showed U.S. crude stockpiles rose last week and EIA downgraded its oil demand outlook, Brent stayed above 40 USD/bbl though. The Brent front month fell 73 cent or 1.8% and settled at 40,06 USD/bbl. The rising stockpiles come ahead of a meeting on 17 September of the market monitoring panel of OPEC+, which in August trimmed supply curbs from earlier this year on expectations demand would improve. Oil prices dropped to their lowest since mid June earlier this week and we expect Brent front month to trade around 40 USD/bbl today.

Gas



European gas markets failed to maintain their temporary upside yesterday. Prompt prices were seen softer as the impact of maintenance at Norwegian infrastructure was partly dissolved, while warmer temperatures weigh on the demand. Looking forward further finalisation of maintenance as well as anticipation of more LNG possibly heading for Europe, longer-dated prices came under some pressure, too. The risk of pronounced gains seems rather low today as well.

Coal



Asian-Pacific prices remained close to multi-year lows as import demand is currently still deemed weak. This could not provide any bearish impulse for the European market, though. Here we saw gains building once more. The API2 Cal-21 contract settled the day at 56,95 USD/t (+0,49 USD/t). Concrete drivers to justify that bullish move are a little hard to point out, potentially expectations around demand picking up soon in advance of the coming winter season might have been supporting the forward market. The potential to haed higher might wane today.

Carbon



The Dec '20 benchmark contract manage to gain 1,22 EUR/t yesterday to settle at 28,42 EUR/t. The market seemed to put more emphasis on political developments than any macro picture. The European's Parliament environment committee was reported to have voted for an increase in reduction targets to 60%. Auction volumes appear to be absorbed rather well recently, too. To which extent political developments are priced in is a bit uncertain, but we are inclined to see some further gains today. But profit-taking amid uncertainty leading to a pull back is not completely unlikely either.

Hydro



The struggle between lows from west and high pressure systems has been apparent the last days. This morning's forecasts confirm a significantly drier scenario where a high from northwest will park over Scandinavia and effectively block any attempts from lows to enter the area. Only small scattered showers can pass up north but otherwise it will be dry. There is so far no divergence between the different models. EC12 lands on 5,5 TWh which is the same as for GFS operational and 1,5 TWh drier than normal. This gives us a hydrological surplus of 12,5 TWh including the last updates.

Germany



Bullish moves in teh European coal market, but especially for emissions, dragged the German power market up yesterday. Soft gas could cap gains a bit at most. The Q4-20 contract gained 0,50 EUR/MWh to finish the session at 40,60 EUR/MWh. The Cal-21 contract closing at 41,60 EUR/MWh stood 0,70 EUR/MWh above Wednesday's session close. The market opens a tad lower this morning, but will ultimately take its lead from emisions.

Equities



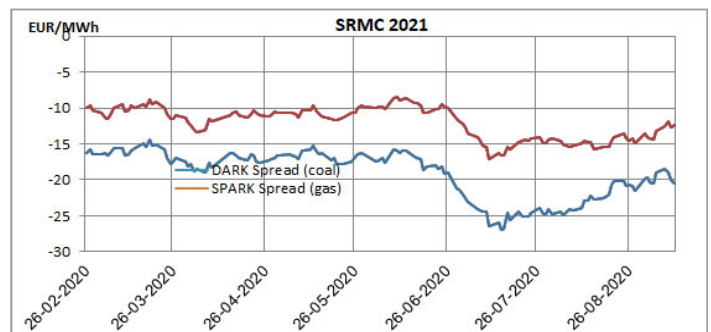
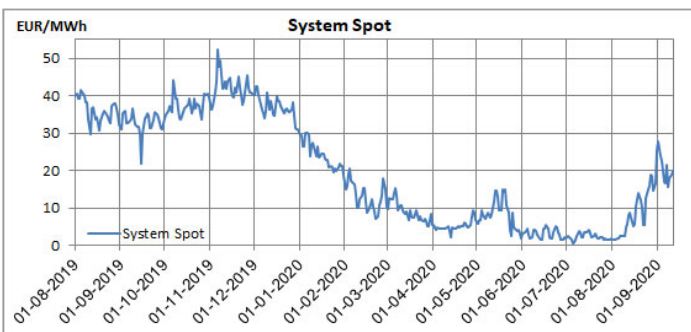
Yesterday, the so-called bigger picture was somewhat unclear and tech stocks continued the bearish mood. This morning, Asian markets are traded a little up, so we expect this to continue today also in Europe and the U.S. It seems obvious that FANG+ development is a kind of trend setter at the moment. The valuation after this week's poor performance is still on high levels and it is difficult to estimate whether the "healthy" correction need still exists. We expect sideways movement today unless something triggers further downward adjustments, we expect that bearish risks prevail any bullish ones.

Conclusion



The Nordic power market saw the front end of the forward price curve lifted rather significantly with the OCT-20 contract adding 1,65 EUR/MWh to close at 24,00 EUR/MWh. The jump draw momentum from weather forecasts shifting to drier solutions. Firmer emissions, German power as well as nearby Nordic power contracts also supported the remainder of the price curve. Q4-20, up 1,25 EUR/MWh, closed at 26,35 EUR/MWh. YR-21 at 25,30 EUR/MWh gained 0,65 EUR/MWh on the day. The front remains supported today, the longer end though might show some softness if CO2 and German power fail to drive higher.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
09-sep	29,88	32,41	29,57	32,41	45,61	11,76	18,07	September	36,50	38,25	31,95	36,40	40,80	22,00	24,00	September	44,36	31,63	59,47
10-sep	41,36	41,45	39,65	41,22	43,15	11,64	19,02	Q4-20	35,35	37,60	31,85	36,10	41,35	25,10	26,35	Q4-20	44,56	35,86	0,00
11-sep	46,02	47,71	39,88	47,55	48,48	11,91	19,88	2021	34,80	36,18	27,88	31,30	39,40	25,30	25,30	2021	45,76	37,59	0,00



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