

Expectation

Oil



Monday, the bullish sentiment returned to the crude oil market. The production outages in the US caused by the ongoing cold spell in and around Texas continue to offer bullish support to the market, despite the facts that power has been restored in large parts of the area recently. The Brent front month contract climbed to 65,24 USD/bbl as a result, the highest price level in a year. Tuesday morning, the market opens with another upwards adjustment.

Gas



On the European gas markets, the bearish sentiment continues. Temperatures have increased drastically recently, recovering from far below to well above seasonal average in western and central Europe. This diminishes gas demand, and not even low storage levels across the continent is enough to prevent the market from falling.

Coal



European coal prices continued downwards Monday. The almost spring-like weather, which has suddenly struck large parts of Europe. The downside was however limited by supply concerns in both South Africa and Russia, which limits the supply side on the market significantly right now. We consider rising prices as the most likely scenario today.

Carbon



Temperatures keep rising across Europe and as a result, fuel demand decreases and demand for carbon emission allowances is therefore lower as well. Nonetheless, prices rose yesterday, likely because the market remains driven by speculators. The benchmark contract rose to 37,96 EUR/t, and we could see another jump Tuesday.

Hydro



Expected precipitation in the Nordic area during the forthcoming ten days is almost twice as high as seasonal normal. During the first week of March, the level will decrease, but still stay around or slightly above average. Meanwhile, temperatures are also expected to remain above average until early March at least, but since the outlook is largely unchanged from yesterday, it should not cause any big fluctuations on the Nordic power market today.

Germany



Once again, the German power market received a lot of mixed signals yesterday. Falling coal and gas prices as well as falling power demand across the country offered bearish support, and meant that the Cal-22 contract fell to 51,50 EUR/MWh. Today, the market will likely have to adjust for the late carbon gains yesterday, and we therefore expect a bullish sentiment at least to open the day.

Equities



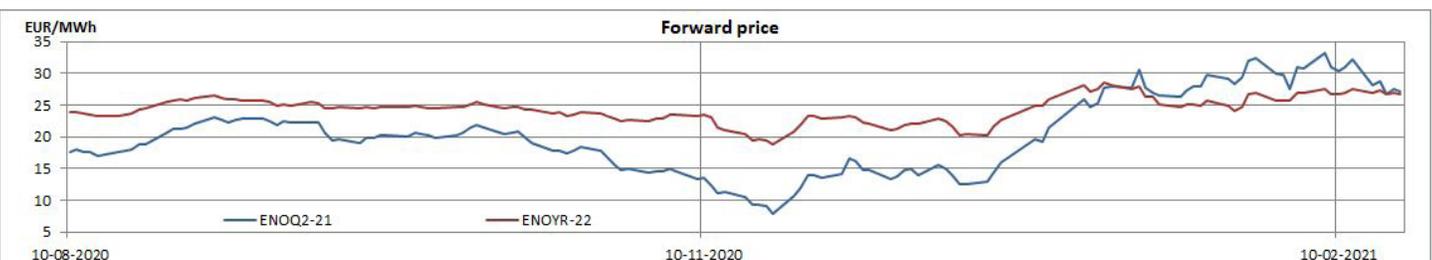
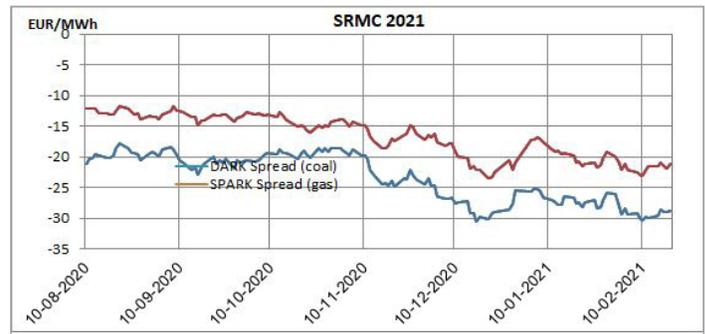
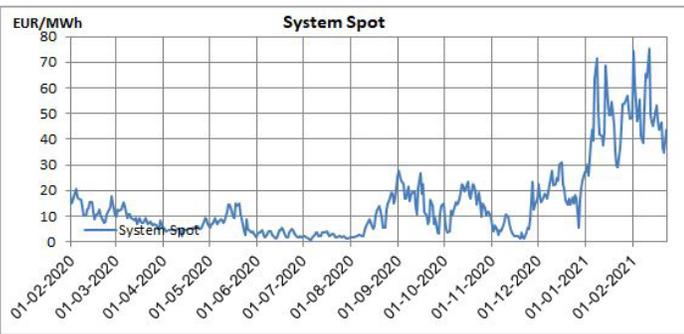
Following the minor rebound in Friday's trading, the international stock markets returned to the bearish sentiment yesterday. The bearish sentiment is based on fears of an increased inflation and thereby higher interest rates. Today, focus will be on the US, where both President Biden and Fed Chief Powell will give speeches.

Conclusion



On the Nordic power market, the week opened with a big downwards correction. The weather forecasts are very mild and wet until at least the first week of March, and the market was not done correcting for this. The Q2-21 contract fell as much as 3,90 EUR/MWh, closing at 23,25 EUR/MWh, while the YR-22 contract was down 1,50 EUR/MWh, settling at 25,20 EUR/MWh. Tuesday, we see a good chance for rising prices as the German power market edges up and the overall sentiment across the markets is bullish.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
21-feb	32,92	37,30	35,03	37,11	35,03	35,03	34,85	March	43,28	44,60	38,85	40,35	43,93	36,85	33,85	March	54,91	46,98	62,30
22-feb	49,48	49,53	45,64	49,35	46,17	42,29	43,51	Q2-21	43,30	44,28	33,90	34,65	41,68	28,90	27,15	Q2-21	54,82	45,37	0,00
23-feb	44,46	44,91	41,34	44,62	41,47	38,78	39,21	2022	39,45	42,58	30,33	34,90	37,13	29,05	26,70	2022	55,41	47,87	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.