

## Expectation

Oil



During Friday's session, the Brent front month briefly peaked above 73 USD/bbl before settling the day at 72,92 USD/bbl, up 1,47 USD/bbl on the day. The oil sector booked gains despite news of China tapping their strategic reserves, as around 75% of production in the U.S. Gulf still being shut in put a tighter supply outlook in the focus. This morning, prices are slightly up again, but today's focus will be on OPEC's update re: demand growth. Unofficial comments on Friday said, the group will revise down their 2022 oil demand growth outlook on the impact of the Delta variant to the recovery in fuels markets. This seems to be priced in already, though.

Gas



The gas market finished off strong last week after a setback during Friday because of Gazprom's announcement of the completion of the Nord Stream 2 pipeline. However, as there still remain testing and certification processes of the pipeline, it wiped away the setback, pushing the closing price for the front quarter TTF contract above 58 EUR/MWh. The uncertainty around Nord Stream 2 keeps the market volatile, though continuously low storage levels will likely keep the prices up for now.

Coal



As the coal market continues the same path as gas, we saw further rises during Friday's session. The API2 front quarter contract closed at the top at 165,50 USD/t. The high gas and CO2 prices has incentivized coal utilisation, thereby giving a bullish support to the market.

Carbon



While the broader energy complex mainly remained stuck in the bullish move higher, the carbon market saw a rather rare occasion of uncoupled direction Friday. The Dec '21 benchmark contract dropped a solid 1,83 EUR/MWh to settle the session at 60,92 EUR/MWh. This translates into a weekly loss of around 0,65% as well, measured by settlement prices for both Fridays. While the fundamental situation still looks supportive for further gains, some rather strong selling occurred periodically Friday, possibly in an attempt to realise gains. We suspect the market though to revert to some gains today.

Hydro



This week starts off with dry forecasts where the EC12 ensemble keeps the solutions below normal. Precipitation ends up at 4,5 TWh which is 2,5 TWh under normal level. The same pattern can be found in the GFS solution as well, so we see consistent solutions. It is not showing the low pressure activity that we saw on Friday. Temperature is also below normal, which ends up in a bullish outcome. The high pressure that before moved to the southeast is now instead re-entering Scandinavia to block attempts from showers coming in from the west. The hydrological balance is now standing at a deficit of 19 TWh.

Germany



Early losses during Friday's session on the back of temporarily weaker fuels and losses for carbon could not be sustained as fuels markets turned around to gains once more. The front year contract set a new high at 97,30 EUR/MWh before sliding to a close at 96,43 EUR/MWh, up 0,43 EUR/MWh on the day. Nearby contracts saw a stronger push, ending the session at 119 EUR/MWh for the front month (+3 EUR/MWh) and 122,25 EUR/MWh (+2,10 EUR/MWh) for the front quarter. As the gas market appears set to continue higher, German power is likely to follow.

Equities



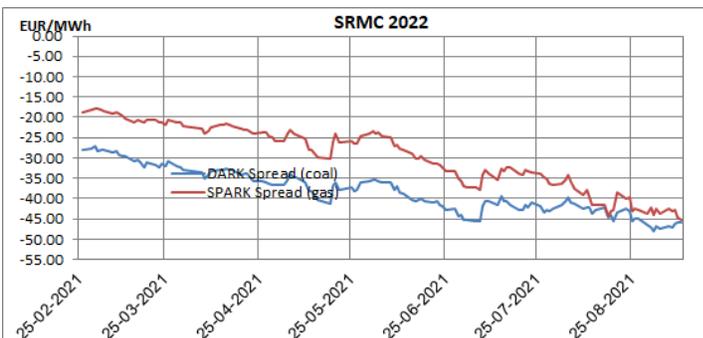
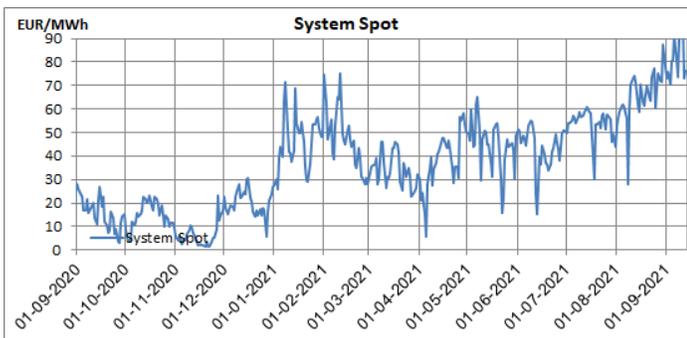
Today, we expect prices to edge a bit down. We base our idea of expected direction on futures prices, which show a slight drop. Also, Asian indices show red this morning. It seems that investors are expecting new tapering releases, and this somehow weigh on sentiment. On the other hand, the tapering will not happen, or the process does not accelerate, if the economic prospects do not support decision makers. The inflation issues are on table this week.

Conclusion



The Nordic power market faced rather wide price ranges Friday, with the front quarter being traded as low as 70,90 EUR/MWh. Apparently some uncertainty in weather forecasts with some wetter vs. some dry indications coupled with initially lower fuels weighed on the sentiment, probably leading to some selling interest for profit taking. Turning fuels and German power eventually helped to limit the downside. The Q4-21 contract closed the session at 72,45 EUR/MWh (-1,50 EUR/MWh), YR-22 slid 0,80 EUR/MWh to 46,80 EUR/MWh. Another swing back to drier solutions provides a strong lift this morning.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS
11-sep	129.02	129.02	92.90	129.02	92.90	106.55	94.54	October	105.65	109.90	76.90	99.90	83.90	85.90	74.90
12-sep	104.99	104.99	94.56	104.06	94.90	97.12	73.06	Q4-21	103.83	108.20	74.95	97.45	81.70	88.95	72.45
13-sep	140.84	139.20	84.94	138.27	70.44	103.71	76.03	2022	79.73	83.75	49.50	75.30	60.30	57.80	46.80



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