

Expectation

Oil



Crude oil prices retreated Thursday after rising to a three-year high in the previous session. The Brent front month contract edged down 1,21 USD/bbl, settling at 84,61 USD/bbl. The market continues to keep an eye on OPEC and Russia's supply policy, with pressure rising on the relevant countries to increase output in light of the rising demand and the multi-year high prices. Friday morning, the market opens with further losses as demand decreases due to the dropping gas and coal prices.

Gas



Yesterday, we saw falling prices on the European gas market. The most recent weather forecasts show mild and windy weather, an obvious bearish sign for a gas market, which remains highly concerned about the supply situation for the coming winter. The fears of a supply squeeze are however not enough to push prices upwards right now.

Coal



On the European coal market, the fierce downtrend continued Thursday, and the API 2 Cal-22 contract has now fallen almost 40 USD/t in a matter of just a week. The Chinese government decision to increase the country's coal production to curb the domestic price rally has not surprisingly been very bearishly received in Europe as well.

Carbon



European carbon prices remain driven by technicals right now, with the market climbing slightly yesterday despite the sharp losses on the fuel markets. The market tries to establish itself within some price ranges while awaiting new political signals that could potentially provide some direction.

Hydro



Ahead of the weekend, the weather forecasts have turned a bit wetter than we saw yesterday. The 10-day outlook is now around 4 TWh wetter than seasonal average, and the hydro balance continues to improve. It is now expected in a deficit of just 5 TWh in two weeks' time. The outlook is likely bearish for the Nordic power market.

Germany



The sudden price drop on the coal market is the main story on the German power market, where prices edged down yesterday. The mild and windy weather forecasts added to the bearish sentiment on the short end of the curve. The country's Cal-22 contract ended up falling to 120,25 EUR/MWh and Friday, we expect another downturn.

Equities



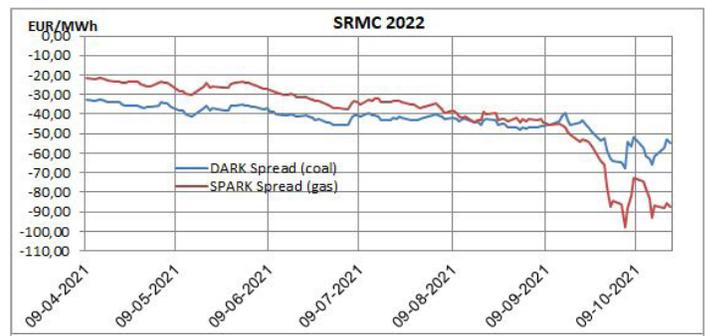
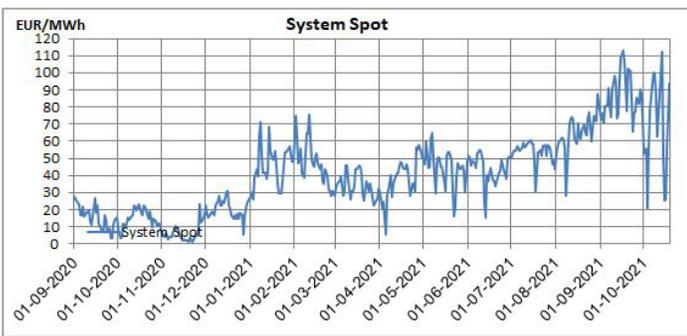
Thursday, the bullish streak on the European stock markets came to an end, with the Stoxx600 Index falling a marginal 0,08 % instead. Later in the day, the US markets were more positive however, and the sentiment is bullish in China early Friday on signals that the crisis stricken real estate giant Evergrande's economy is improving.

Conclusion



Nordic power prices followed the fuel markets and the German power market downwards yesterday, and it added to the downside, that the weather forecasts remain wetter than seasonal normal. The hydro balance deficit is expected at around 5 TWh in two weeks' time. The Q1-22 and YR-22 contracts fell to 65,10 EUR/MWh and 37,25 EUR/MWh respectively. Friday, the market seems bound for falling prices due to wetter weather forecasts and late losses in Germany yesterday.

| Spot | DK1 | DK2 | SE3 | SE4 | HEL | OSL | SYS | Forwards | DK1 | DK2 | STO | MAL | HEL | OSL | SYS |
|--------|-------|-------|-------|-------|-------|-------|-------|----------|--------|--------|-------|--------|-------|--------|-------|
| 20-okt | 57,62 | 39,02 | 39,02 | 39,02 | 39,02 | 82,26 | 29,00 | November | 151,75 | 153,50 | 86,00 | 146,25 | 89,50 | 107,00 | 73,00 |
| 21-okt | 54,34 | 48,48 | 46,09 | 46,09 | 60,77 | 83,34 | 28,17 | Q1-22 | 140,56 | 145,81 | 78,31 | 141,31 | 91,81 | 99,31 | 67,81 |
| 22-okt | 55,23 | 39,36 | 39,36 | 39,36 | 41,76 | 87,70 | 23,32 | 2022 | 102,10 | 106,10 | 44,89 | 103,44 | 59,80 | 54,85 | 39,10 |



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