

Expectation

Oil



Tuesday, the overall bullish sentiment continued across the market, and oil prices climbed further as well. Despite corona virus measures limiting demand in China and fears of a new global recession, the market rises on supply concerns amid the effects of the war in Ukraine and unwillingness among OPEC nations to increase output noticeably. The Brent front month contract closed the day at 114,65 USD/bbl and opens Wednesday with falling prices as US President Joe Biden has suggested suspending gasoline taxes in an effort to curb inflation in the country.

Gas



There was no stop to the price climbs on the European gas market yesterday, where several contracts extended the multi-year highs from the previous day. Apart from the extremely nervous sentiment caused by the reduced flows from Russia, low wind and outages in the Norwegian production boosted the upside yesterday. Early Wednesday, the market trades largely sideways, but further price climbs could strike suddenly in case of any new developments surrounding Russian gas deliveries.

Coal



Coal prices in Europe also continued to rise yesterday, where the API 2 Cal-23 contract climbed to 261 USD/t, only marginally below the all-time high from back in February. The uptrend is primarily attributed to the bullish gas market, while the German decision to boost the country's coal sector in an effort to save gas adds to the upside.

Carbon



With the expectation of increased coal-burn in Europe during the coming months, the European carbon market also edged up Tuesday. The market continues to keep an eye on the new market reform vote, which is expected in the European Parliament today, after the original reform proposal was rejected a couple of weeks ago. The outcome of the vote could cause fluctuations later in the day.

Hydro



Wednesday morning, we see somewhat wetter and milder Nordic weather forecasts. The remainder of this week and the beginning of next week still looks quite warm and dry, but looking towards the beginning of July, temperatures are set to fall while precipitation amounts will increase. The hydro balance does however remain in a noticeable deficit.

Germany



As both fuels and carbon continued the steady uptrend yesterday, the German power market rose as well. The market saw a small decline in the wake of the government's decision to re-start coal plants, but returned to the bullish sentiment yesterday. The country's 2023 contract ended up climbing to 237,58 EUR/MWh, but we expect a calmer session today, as the fuel and carbon markets make downwards corrections. Volatility remains high however.

Equities



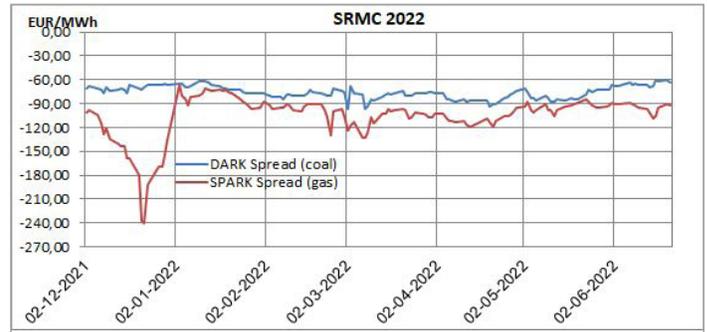
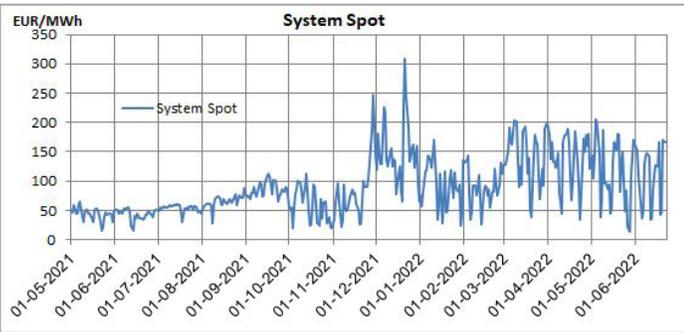
On the financial markets, we saw another slightly bullish session Tuesday. Traders appear to feel that the markets have been somewhat oversold lately, despite the persistent fears of a new upcoming global recession. The Stoxx600 Index ended up closing the day up 0,4 %, and the US markets climbed as well, but the first signals early Wednesday are more bearish.

Conclusion



The Nordic power market continued the extreme price climbs Tuesday. The Q3-22 and 2023 contract rallied further and closed at record-high 123,25 EUR/MWh and 102,00 EUR/MWh respectively. The contracts have increased by 46 % and 28 % respectively in just one week, as warm and dry weather forecasts add to the bullish signals from the fuel markets and Germany. We expect the fierce uptrend to come to an end today, as fuels, carbon and German power prices also fall or move largely sideways.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS
20-jun	267,37	267,37	217,97	221,65	226,24	166,83	170,65	July	259,00	261,00	106,25	176,00	149,00	174,00	110,00
21-jun	287,69	287,80	179,99	214,95	182,58	164,01	167,19	Q3-22	266,25	267,25	119,80	187,50	163,75	185,25	123,25
22-jun	323,34	323,34	162,88	214,56	164,38	164,23	166,75	2023	193,00	194,00	100,70	181,00	120,00	137,85	102,00



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