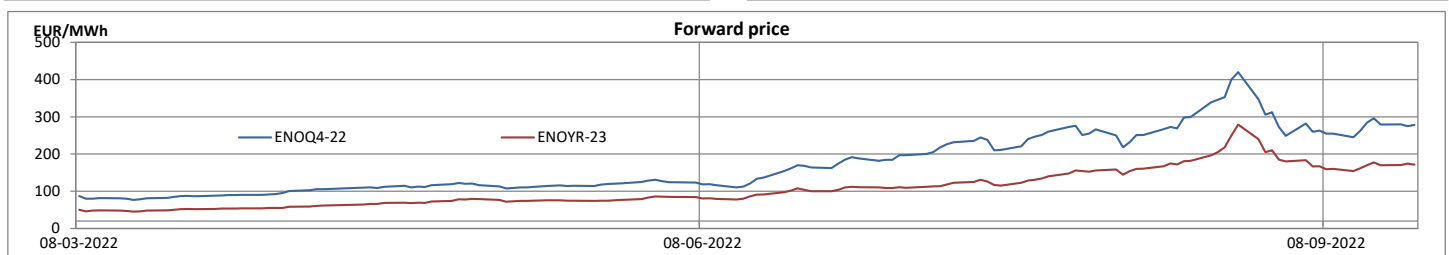
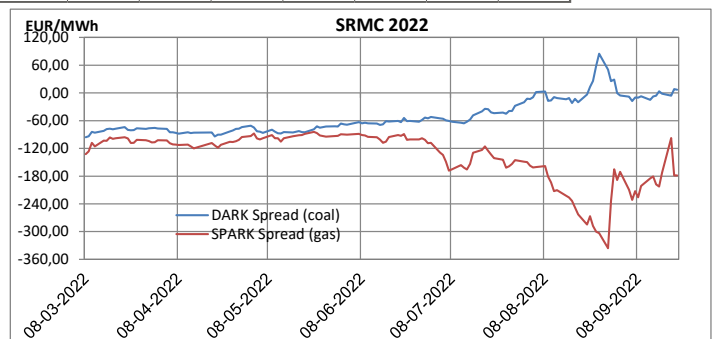
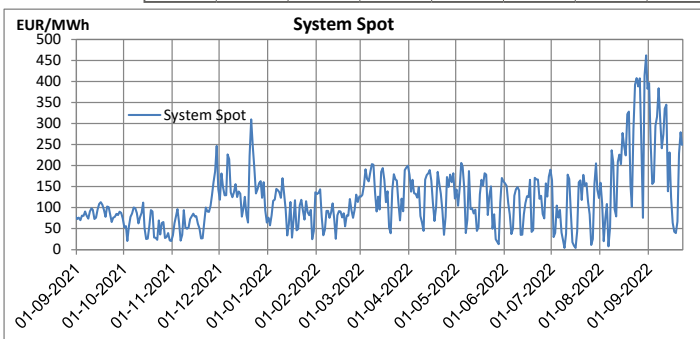


# Morning Report September 22 2022

## Expectation

Oil	→	From the opening the oil complex had quickly risen more than 2 dollars after Putin's statements put markets into turmoil. However the current global economic outlook with central banks raising interest rates, primarily focused on the Federal Reserve's price hike yesterday, adding to the strength of the dollar weighed heavier which during the day flipped the oil prices to negative where it closed at 90 USD/bbl. It is rather unclear what news will outweigh the other today
Gas	→	In the wake of Putin's announcement, gas prices headed higher initially yesterday. The market is still on edge considering which further steps Russia would be willing to go with regard to remaining gas flows to Europe. Eventually, gains were erased though, likely on the back of solid storage levels at the moment and robust LNG supply in the short term. Lately, forecasters see an increasing risk for a cold snap late in the winter, probably starting in January or February. We might see a calmer session today, but without any clear direction despite the initial weaker opening this morning.
Coal	→	The European coal market tracked the development in the gas sector closely yesterday. Following an initial upside, price levels were seen decreasing again, delivering a relatively flat result. The API-2 Cal-23 contract settled the session at 280,34 USD/t, 1,86 USD/t below Tuesday's settlement. European seaborne imports are estimated to rise 14% this year, currently lingering demand is likely to underpin prices for now.
Carbon	↓	The emission rights struggled to keep the 70 EUR/t mark yesterday but seems to lose that struggle today in the beginning trading. Falling stock prices and living with the high uncertainty regarding the proposals from EU to fund Europe's energy bill dampens the will to buy in the market. The first support stands at 68,5 EUR/t area before we could be challenging the 65,5 EUR/t support as last resort regarding short term trading. With rising tensions in Europe, risk is also coming off the books.
Hydro	↓	EC12 ensemble shows a little wetter development in comparison to yesterday. It shows roughly 9 TWh and is 2 TWh above normal. The intensity in the coming days regarding the low pressure activity has gone up and stays above normal for the rest of the period. EC12 operational does not agree instead it moves to the south of Scandinavia due to a high pressure over the Kola peninsula. Depending on how that high is situated will affect what route the low pressure from the west will take. EC12 stands at 7 TWh and has to be taken as an outlier. The GFS model is more in line with the EC12 ensemble up on almost 10 TWh. It has been an improvement of the deficit in the hydrological balance down to 13,5 TWh.
Germany	→	With the initial boost coming from the gas complex, German power prices headed higher as well yesterday. The front year contract hit its day high at 542,00 EUR/MWh. As the drive from gas weakened further into the session, the contract set its settlement at 524,00 EUR/MWh, before withdrawing further to a closing trade at 510,00 EUR/MWh. Also here, we reckon the market will be looking for a clearer direction today and is rather neutral and calm at the session's start.
Equities	↓	Fed raised interest rates 75 basis points as expected with comments from Jerome Powell indicating an even harder hawkish tone moving forward as they aim for "restrictive levels" of around 2% inflation before easing the pressure. Underway his tone was tough to decide as markets had volatile movements after the announcement but ultimately closed in red territory. Nevertheless the European stock markets had a positive day where Stoxx 600 closed 0,90% up. With the drop before closing on the American indexes and leading Asian indexes also falling, the outlook is on the downside.
Conclusion	↓	It was a volatile Wednesday where we initially saw large price jumps across the energy markets. The Q4-22 contract neared the 300 EUR/MWh level, technically a strong resistance level, hence it ended up falling back to the previous session's close and settled at 278 EUR/MWh. The Cal-23 contract moved likewise and settled at 171,5 EUR/MWh. With the hydro balance still in a large deficit, the current weather trend still gives an unclear picture of the energy conditions in the near term. However, falling German power prices will keep a downward pressure on today's activities.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS
20-sep	363,43	363,43	278,40	278,40	104,50	368,20	229,03	October	365,00	355,00	216,50	330,00	220,00	332,00	200,00
21-sep	379,94	379,94	354,72	354,72	329,63	377,05	279,34	Q4-22	470,75	464,85	296,00	419,00	328,50	428,00	278,00
22-sep	387,89	387,89	284,33	284,39	264,35	370,46	248,98	2023	413,50	416,00	185,40	346,50	188,00	253,08	171,50



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