

Expectation

- Oil** ↘

Following two bullish days, the international oil market started retreating again yesterday. We have been through a week with a lot of focus on output strategy, with Saudi Arabia unilaterally introducing further production cuts, whereas the other OPEC countries and Russia will stick to the existing output agreement from further this year. The Brent front month contract fell to 76,29 USD/bbl and continues downwards early Wednesday.
- Gas** →

Early Tuesday, the European gas market continued the uptrend which had seen prices on some contracts climb more than 20 % in the previous sessions. Later in the day however, the market appeared to calm down, and retreated once again. Focus remains on both the supply situation in Europe and on demand in Asia, which is showing signs of ramping up, which would also lead to higher prices in Europe.
- Coal** ↘

The European coal market continued to track the movements on the gas market yesterday, rising early in the day before retreating later in the session. This in the wake of a big price jump of more than 10 USD/t the previous day. It will take a fundamental change to the situation on the gas market before we will see any noticeable increases on the coal market, and we expect falling prices Wednesday.
- Carbon** ↘

On the carbon market, we also saw a modest downwards adjustment in response to the increases of the previous couple of days. Following the increases on the fuel markets recently, allowance prices have also increased, and we expect the market to remain closely coupled to gas, as the benchmark contract continues down early Friday.
- Hydro** ↗

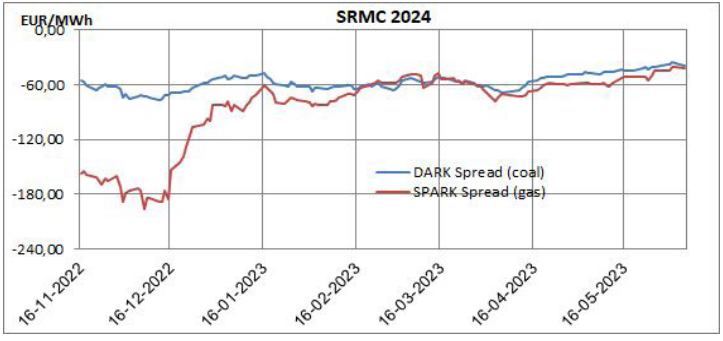
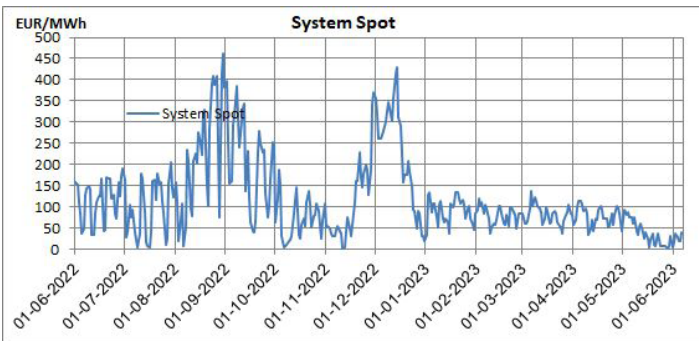
Early Wednesday, there are no major changes to the Nordic weather outlook. During the entire next two weeks, a high pressure is expected to dominate, causing very high temperatures and very low precipitation amounts. The hydro balance deficit increases further, and the outlook remains bullish for the Nordic power market.
- Germany** ↘

German power prices fell late Tuesday along with the fuel and carbon markets, as traders might consider that the increases across the markets during the previous day had been a bit exaggerated. The country's 2024 contract fell around 6 EUR/MWh to 119 EUR/MWh, erasing most of the increases from the previous couple of days. Today, we consider it likely that the downtrend from late Tuesday will continue as gas moves sideways while carbon falls further.
- Equities** →

Yesterday, we saw modest increases on both the European and the US stock markets. Today, the market opens with mixed signals from Asia, and we expect sideways trading in Europe as well. Focus will be on retail sales figures from the EU, while the market also focuses on whether or not the ECB could potentially impose further interest rate hikes.
- Conclusion** →

In contrast to the fuel markets and the German power market, the Nordic power market continued the uptrend Tuesday. The major point of interest on the market is the very dry weather outlook, with close to zero precipitation during the coming weeks, and an ensuing rapidly increasing hydro balance deficit. As a result, the Q3-23 and 2024 contracts rose to 58,30 EUR/MWh and 70,80 EUR/MWh respectively. Today, we could see the uptrend come to an end. The forecasts remain very dry, but falling German power could prevent the market from going higher.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS
05-jun	90,53	90,53	5,30	89,94	4,04	51,08	19,03	July	79,00	75,75	42,50	58,00	42,50	75,50	48,50
06-jun	97,41	97,41	18,41	96,45	17,42	50,38	40,25	Q3-23	85,30	84,55	52,80	67,30	57,17	81,30	58,30
07-jun	100,93	100,93	27,95	100,20	27,95	59,82	46,24	2024	108,55	107,55	66,05	83,80	62,15	95,80	70,80



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