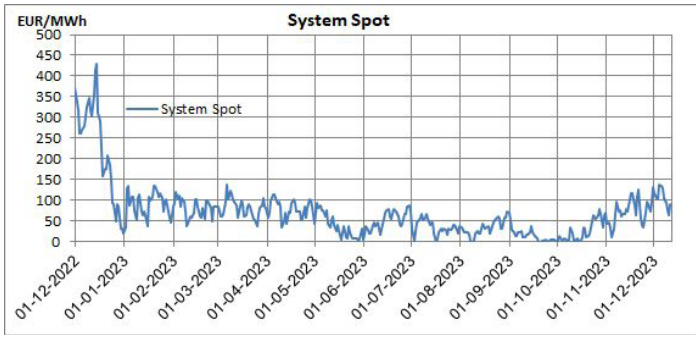
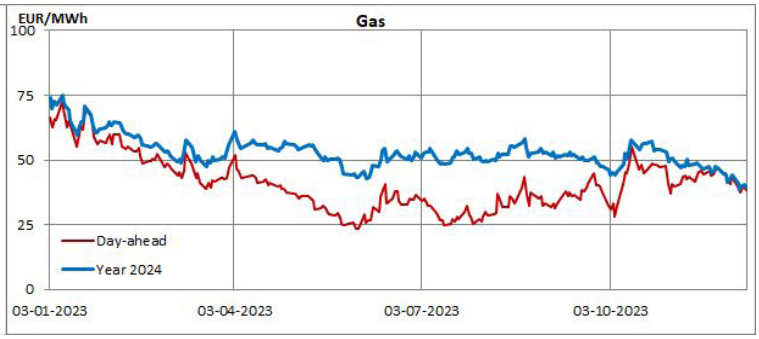
Morning Report December 11 2023

Energi Danmark SECURITIES

	Expectation	
Oil	↗	Following some sharp losses previously during the week, last week ended with at least a modest rebound on the international oil market. The Brent front month contract climbed to 75,84 USD/bbl but still closed with a week-to-week loss for the seventh straight week. Continuous concerns about the state of the global economy as well as disagreements between OPEC countries about the production strategy weigh on the market, as we see another uptick early Monday however.
Gas	↘	European gas prices continue to drop across the curve. Following several weeks of winter weather, temperatures in Northern Europe have now started to rise again, and this adds to the already very bearish picture across the market. We consider further losses very likely today as the mild forecasts have been confirmed during the weekend, and because storage levels and imports remain strong.
Coal	↘	Early Friday, the European coal market edged up, but gave up the increases later in the session. Coal faces some supply issues amid export problems in both Australia and South Africa, but as long as the gas market remains as bearish as the case is and extends its year-low levels every day, coal will likely have to follow the downtrend.
Carbon	↘	The technical support around 70 EUR/t does not appear strong enough to prevent the carbon market from falling further. Friday, the benchmark contract continued the downtrend along with gas, and we see further losses early in Monday's session. Mild weather forecasts added to the downside but we expect high volatility ahead of the upcoming contract expiries.
Hydro	↘	Over the weekend, we have received some noticeably milder and wetter weather forecasts. Where we previously saw signs of a return of the cold weather towards Christmas, the outlook now suggests rainy and mild weather during the next couple of weeks. The outlook is bearish for the Nordic power market Monday morning.
Germany	↘	German power prices fell along with first and foremost the gas market Friday. The country's 2024 contract ended up falling to 96,66 EUR/MWh, the lowest level since early 2024. The market continues the downtrend early Monday, as both carbon and fuels continue to trade down, whereas the weather forecasts have been mild over the weekend.
Equities	↘	Friday, focus on the financial markets was on the US job report, and the outcome lowered the hopes of falling interest rates anytime soon. Early Monday, the markets turn bearish due to disappointing Chinese key figures on inflation, and the concerns about the state of the Chinese economy is starting to become a topic on the markets.
Conclusion	↘	There were no major fluctuations on the Nordic power market to end last week, as the most traded contracts closed modestly up despite the losses on the related markets. Early Monday however, we see a big price drop caused by milder and wetter weather forecasts, which have come in over the weekend, low spot prices and bearish signals from the related markets where both the German power market as well as the gas market declines.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Gas Forwards	TTF
09-dec	78,14	78,14	66,21	72,79	66,21	80,26	74,51	January	90,43	92,93	81,58	85,18	88,78	96,18	84,93	Day-ahead	38,23
10-dec	55,87	61,83	61,75	61,75	80,01	65,85	63,63	Q1-24	93,75	85,50	74,22	84,00	90,00	96,50	82,00	Year 2024	39,54
11-dec	84,33	85,95	85,36	85,42	130,43	86,13	91,45	2024	93,53	85,64	48,95	60,97	63,80	73,95	55,95		





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