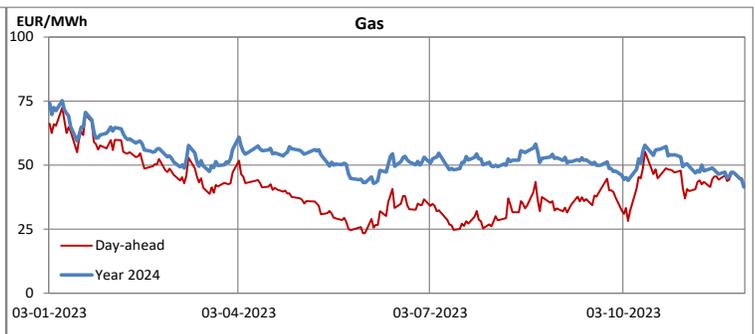
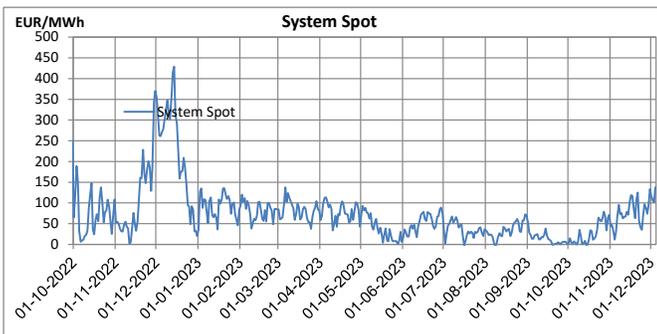


Morning Report December 4 2023

Expectation

- Oil**  Oil prices fell 2,45% to settle at 78,88 USD/bbl on Friday as investors expressed skepticism about the depth of OPEC+ supply cuts and amid concerns about sluggish global manufacturing activity. The release of US economic data also showed slower growth for the third quarter than anticipated and as the Chinese demand for oil has been weakening it has raised concerns of a possible global recession that in affect pushes oil prices lower today.
- Gas**  Across markets in the European gas sector prices were observed rebounding on Friday, ending the session with gains. While supply and gas storages are still appearing pretty comfortable, this development needs to seemingly be attributed to recent demand being driven by lower than normal temperatures, before a shift to milder conditions is in the cards for this week.
- Coal**  Coal market continued up Friday. The API 2 2024 contract closed 114,25. Export disruptions from world´s second largest thermal coal exporter Australia, and ongoing logistical constrains in South Africa which is a key supplier to Europe gave the market support. Monday, coal market will probably test the resistance level 115,30 USD for the API 2 2024 contract.
- Carbon**  The recoil from the 70 EUR/t mark was clear on Friday where some short covering was due to happen where the shorts has gathered a large bet on the downside. With the technical pattern and depending on what outcome the weather in Europe turns out in the incoming updates, the bounce could continue from the 72,5 EUR/t up to the next resistance at the 75 EUR/tonne mark. From there it is an open question again. The trend still favors the downside
- Hydro**  EC continues on a bullish path with a slower breakdown of the high pressure over Scandinavia while the GFS has a quicker transition. In the GFS model we can see a normalization when it comes to precipitation in the midst of the forecast period. This also goes for the temperature. EC12 has a colder development where the temperature will stay below normal during the whole period. Wind is normal around 8-10 with the passing of a low before it turns into lower levels again. Hydro stands at a deficit of around 1 TWh including forecast. From Friday levels it is mostly neutral but depending on which solution that is chosen, it could be interpreted on both sides.
- Germany**  While gas and CO2 contracts were exposed to rising prices, the German power market followed suit and booked gains on its own. Following the 26-month low at 100,21 EUR/MWh set on Thursday, the Cal-24 benchmark contract added 1,93 EUR/MWh on the day to settle the session at 104,40 EUR/MWh. While supply situation and demand of fuels and carbon lately did not provide any strong bullish impulse, the weather conditions still managed to prove supportive.
- Equities**  It was a strong Friday on the European STOXX 600 that closed up 1% which is the highest closing price since August. The rise was attributed to expectations of interest rate cuts already in Q1 of next year as Fed Chairman Powell commented. This also sparked optimism on the US stock markets alongside positive economic data. Today ECB's president Lagarde will also speak on expectations of interest rates going forward. This morning however the market seems to start off falling.
- Conclusion**  The Nordic power market started down on Friday as there were mixed signals from weather forecasts. However, consensus changed and the market ended up closing higher for the day due to a falling hydro balance as well as worries of a cold December ahead. The Q1-24 and Yr-24 closed at 83,80 and 56,30 EUR/MWh respectively. During the weekend the weather outlook has changed significantly with milder temperatures and this will push prices downward today.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Gas Forwards	TTF
02-dec	116,41	116,43	114,07	114,47	114,07	114,69	106,49	Januar	96,75	98,25	89,75	92,25	97,25	107,50	88,25	Day-ahead	41,66
03-dec	104,72	105,56	104,50	104,50	104,72	105,14	101,50	Q1-24	100,43	89,30	79,30	88,30	93,80	101,80	83,80	Year 2024	41,40
04-dec	111,76	152,00	152,00	152,00	155,63	140,76	137,61	2024	99,43	92,55	49,30	65,55	64,40	74,30	56,30		



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