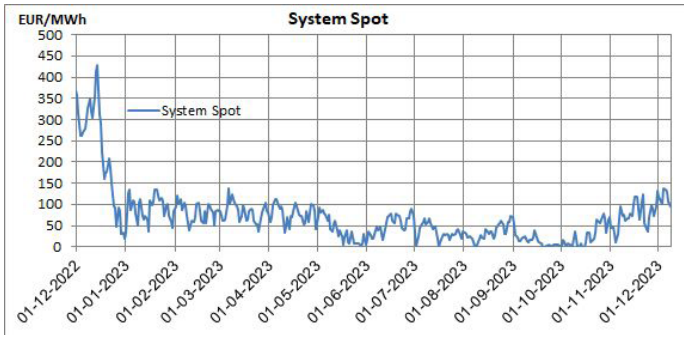
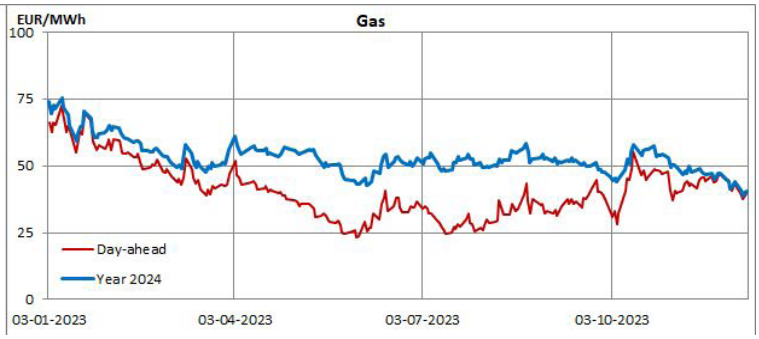
Morning Report December 8 2023

Energi Danmark SECURITIES

	Expectation	
Oil	↗	Prices continue to fall on the oil market, where demand concerns are the main reason behind the downtrend. This despite the recent decision from Saudi Arabia to extend the ongoing output cuts into next year. Fears that demand in both China and other top consuming countries could suffer under a recession caused the Brent front month contract to fall to 74 USD/bbl yesterday, the lowest level since June. Early Friday, we see a modest rebound, but we do not expect any big fluctuations today.
Gas	↗	We have seen a modest correction on the gas market recently, which does however not appear as something based on fundamental changes. The market has fallen quite noticeably over the past couple of months, so there might be a feeling that it is now necessary with a correction, as prices continue to rise early in Friday's trading.
Coal	↗	European coal prices rose along with gas yesterday, with the API 2 2024 contract closing the day at 112 USD/t. The market has been trading rangebound the last couple of weeks following the sharp losses during most of autumn, as the correlation with gas continues. We expect another bullish session today as gas also appears to rise.
Carbon	↗	After dropping to the lowest level in more than a year earlier in the week, the European carbon market traded sideways yesterday. The rising gas prices keep a hand under the carbon market, which is positioning itself ahead of the upcoming options expiry. The market opens bullishly again Friday as we might see a bit more hedging activity towards the end of the year.
Hydro	↗	Temperatures in the Nordic area are expected to increase gradually before reaching seasonal normal by the end of next week. From that point on however, we could see colder conditions once again, heading in to the last week ahead of Christmas. The outlook appears somewhat bullish for the Nordic power market Friday morning.
Germany	↗	On the German power market, we have seen a modest recovery the last couple of days following the sharp losses the previous weeks. The increases on the gas and carbon market have offered some bullish support, but as the weather is expected to turn milder, we do not expect any long-lasting uptrend. The market opens modestly up early Friday.
Equities	→	Yesterday, the sentiment once again turned bullish on the stock markets, with particularly the US markets climbing late in the day due to strong signals from Google. Today, all focus will be on the most important key figure of the month, the US job report, which will be published this afternoon. Until then, we see mixed signals from the Asian markets.
Conclusion	→	Thursday, the Nordic power market rebounded due to what appeared as a mix of drier and cooler weather forecasts, high spot prices and rising prices on the related markets. At the end of the day, the Q1-24 and 2024 contracts closed at 81,20 EUR/MWh and 55,65 EUR/MWh respectively. Friday, we could see another day with modest increases since the related markets continue up, but the milder forecasts for next week limit the upside.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Gas Forwards	TTF
06-dec	129,54	131,48	130,93	131,27	133,43	130,20	130,18	January	98,00	97,00	82,00	85,50	90,00	97,25	85,00	Day-ahead	39,74
07-dec	116,60	116,60	114,99	116,17	101,01	114,13	105,74	Q1-24	92,95	86,95	74,20	83,20	89,08	94,20	81,20	Year 2024	40,35
08-dec	103,45	100,06	99,28	100,03	99,28	102,01	94,89	2024	94,93	87,15	48,90	60,67	63,45	73,65	55,65		





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