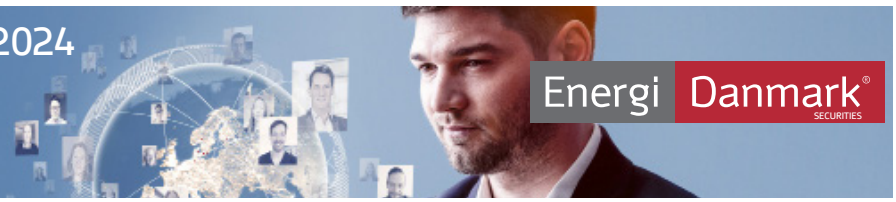
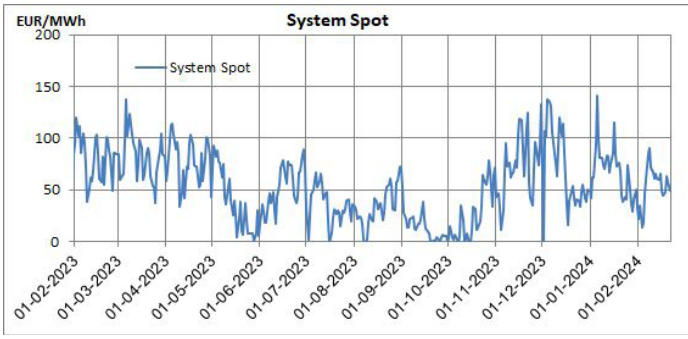
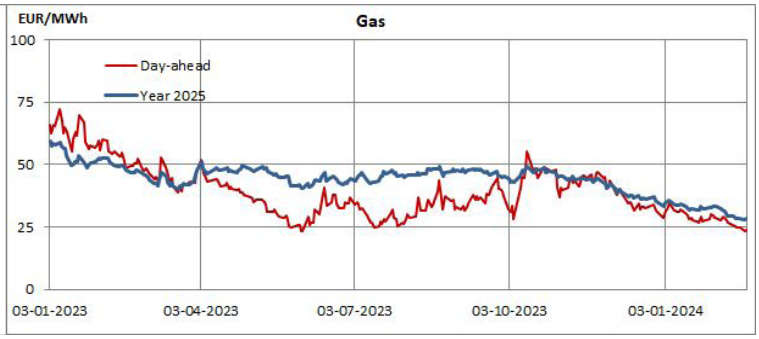
Morning Report February 22 2024



	Expectation	
Oil	↗	International oil prices rose modestly yesterday, and the market continues the steady uptrend in Thursday's session. The market appears to react to expectations of increasing demand in the US and to expectations of supply tightness in the near future. OPEC is currently having a summit in Saudi Arabia where the market is discussing the current output strategy, and the most likely scenario is that the organization will stick to the existing plans.
Gas	→	High temperatures and strong supply remain the main points of interest on the European gas market, where the downtrend resumed yesterday following a short-lived correction the previous day. Not even an outage to the Norwegian production is enough to prevent the price falls as the market is in a comfortable position nonetheless. Today, we expect a neutral development with the most traded contracts trading around the lowest level in two and a half year.
Coal	→	The API 2 2025 coal contract continues to trade around the 90 USD/t level. The falling gas prices add to the bearish sentiment on a market, which sees limited demand and strong supply. We expect correlation with gas to continue in the coming time and falling prices therefore appear as the most likely scenario again in Thursday's session.
Carbon	↘	Following the sharp losses during the previous several weeks, the European carbon market has now been stabilizing for the previous couple of days. It will be interesting to see if the current level just above 50 EUR/t was the lowest the market was able to go or if it is just taking a pause and will start testing 50 EUR/t again soon.
Hydro	→	Expected precipitation in the Nordic area during the forthcoming ten days is around 50 % above seasonal average and the deficit on the Nordic hydro balance is shrinking. It is now expected at only -2 TWh in two weeks' time. This is steadily drier than the outlook from earlier in the week, but still wetter than average. Temperatures are meanwhile expected to remain above average.
Germany	↘	German power prices fell Wednesday and the downtrend looks set to continue today. With temperatures well above average and a healthy situation on the gas market, the fundamental situation remains highly bearish and the country's 2025 contract closed yesterday at 69,91 EUR/MWh, close to the two-year lows from earlier in the week.
Equities	→	We saw some hesitation on the financial markets yesterday ahead of some important earning reports from. Focus turned to tech giant Nvidia who came out with very strong numbers, and this led to rising futures in both Europe and in the US. Today, the market will also focus on key figures on unemployment in the US as it could provide further signals about a potential cut in interest rates.
Conclusion	→	Yesterday, we saw rising prices on the Nordic power market and the increases were rather sharp on particularly the short end of the curve. The forecasts are still wetter than average, but not as extremely wet as they were only a few days ago, and this change gave the market an excuse to make an upwards correction. The market opens modestly down early Thursday but we consider largely sideways trading as the most likely scenario.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Gas	TTF
20-feb	59,95	58,51	55,84	58,29	67,49	58,74	57,53	March	52,30	53,78	43,40	48,15	61,90	56,40	47,40	Day-ahead	23,96
21-feb	50,99	49,01	46,85	48,87	46,85	50,34	48,82	Q2-24	52,75	51,75	26,25	36,58	35,05	41,75	30,75	Year 2025	28,50
22-feb	49,21	48,24	36,59	46,93	38,43	51,76	41,81	2025	67,60	64,85	33,15	42,60	41,85	49,10	37,10		





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