

Morning Report March 14 2024

Energi Danmark[®]
SECURITIES

Expectation

Oil



Wednesday, we saw a quiet opening on the oil market followed by a sudden price jump later in the day. The market reacted bullishly to declining US inventory levels. Ukrainian attacks on Russian oil refineries added to the sentiment as the supply concerns are increasing. The Brent front month contract climbed to a four-month high of 84,03 USD/bbl and continues to rise early in Thursday's session although we expect more modest fluctuations today.

Gas



The European gas market traded sideways yesterday, with no noticeable fluctuations on neither the short or the long end of the curve. The fundamental situation has not changed for a long time, as it is clear that Europe will exit the heating season with lots of available gas. The market appears to have priced the situation in so the market just edges sideways in the absence of fresh signals.

Coal



We have seen a strengthening coal market recently due to the changing fundamentals in Asia, where both higher demand and supply concerns have led to a price jump. The market has therefore decoupled a bit from gas but the upside appears limited at least in Europe where coal is still largely out of favor and gas has started falling again.

Carbon



On a day without any noticeable changes to fundamentals, we saw a modest price fall on the European carbon market. The market saw a short uptrend earlier in the month, which was attributed to short-covering, but the market now appears to have re-established itself in its old trading range between 50 and 60 EUR/t, where it should remain for some time to come.

Hydro



Recently, the weather in the Nordic area has turned somewhat milder and wetter, but we are up for a new dry and cool period later this week. Next week however, the outlook again suggests an increase in both temperatures and precipitation amounts although wind output should remain below average. The outlook appears largely neutral for the Nordic power market.

Germany



There were no noteworthy fluctuations on the German power market either yesterday. As the winter is heading to an end, the fundamental situation no longer appears as bearish as earlier, but is more neutral for the markets. The German 2025 contract closed Wednesday at 73,66 EUR/MWh, almost neutral for the day and we expect another day with modest fluctuations today.

Equities



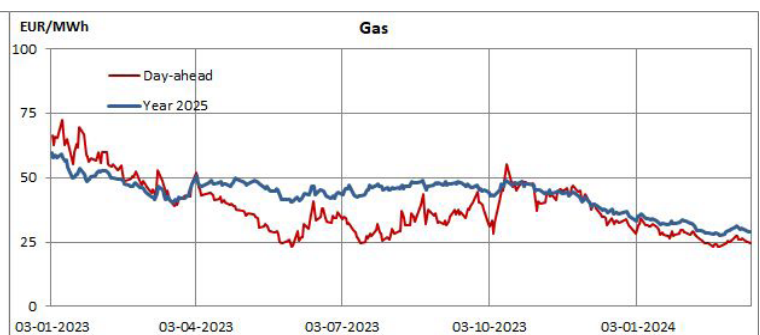
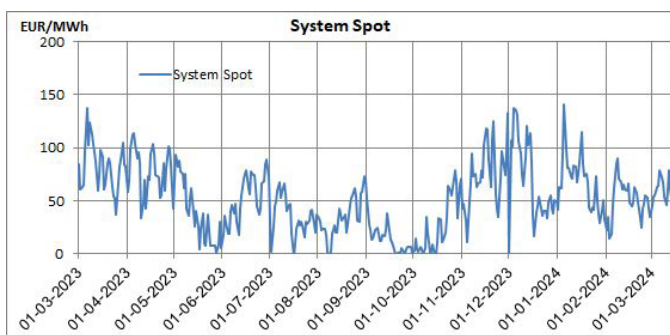
After the strong increases in the US the previous day, the European stock markets were up for a bullish session yesterday. The optimism has spread despite the most recent US inflation figures not supporting the hopes of upcoming interest rate cuts. Early Thursday, the first signals from Asia are more neutral following the recent increases.

Conclusion



We saw rising prices on the Nordic power market yesterday. Although the changes in forecasts do not appear big, the increases were attributed to a slightly drier weather outlook. Sideways trading on the related markets limited the upside. The price climbs were largest on the short end of the curve, with the Q2-24 and 2025 contracts closing the day at 34,45 EUR/MWh and 38,70 EUR/MWh respectively. Today, we see a slightly bearish opening but our expectation is largely sideways trading due to unchanged forecasts and no new signals from the related markets.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Gas	TTF
12-mar	86,45	86,45	74,83	85,38	74,83	74,83	78,27	April	52,80	53,70	41,95	48,70	43,95	54,95	45,20	Day-ahead	24,54
13-mar	63,95	68,31	56,20	65,47	69,44	60,61	60,49	Q2-24	52,45	52,83	29,20	41,45	34,70	44,45	34,45	Year 2025	28,75
14-mar	54,24	53,42	21,14	36,05	21,14	54,15	43,39	2025	71,58	67,70	33,95	44,70	42,95	49,70	38,70		



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