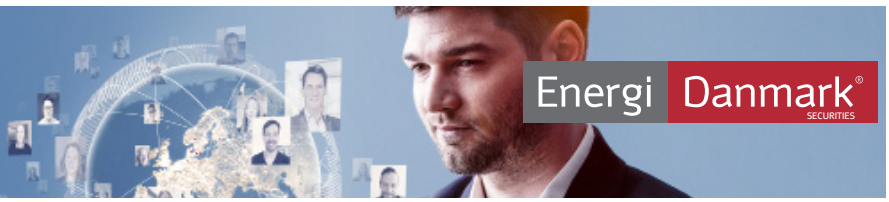
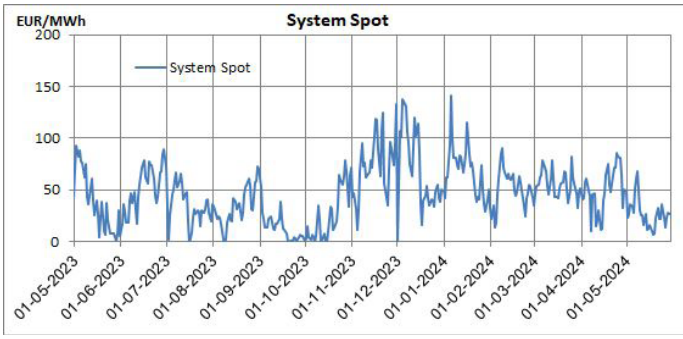
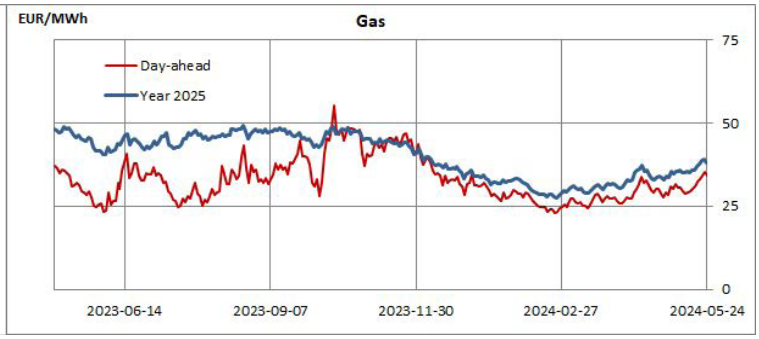
Morning Report May 29 2024



	Expectation	
Oil	→	International oil prices rose for a third straight session early Tuesday, and the market continues upwards Wednesday morning. The market overall expects OPEC and their allies – first and foremost Russia – to agree on extending the current output limitation deal, which now has seen the countries limit output for several years. The deal has been working well so far, keeping oil prices at a preferred level for the producers, first and foremost Saudi Arabia.
Gas	→	We continue to see quite big daily fluctuations on the gas market, which retreated yesterday after several futures contracts had been approaching year-high levels during the previous week. Apart from the internal European supply issues, including the potential stop for Russian gas deliveries to Southern Europe, the continent also faces increased competition from Asia, who is outbidding Europe for LNG at the moment. The market opens modestly up Wednesday, but we do not expect a big rebound from yesterday.
Coal	→	There were no major events to cause any noteworthy development on the European coal market yesterday. The market retreated modestly after reaching the highest price level so far of 2024 during the previous session and the API 2 2025 contract closed at 121,25 USD/t. There is no reason to think the correlation with gas should end anytime soon.
Carbon	→	On an overall bearish day on the markets, the European carbon market also edged down in Tuesday's session. The market has been quite bullish lately, reaching year-high levels like the fuel markets, and we now see some technical resistance at the current level which the market will have to break through in order to continue the uptrend.
Hydro	↘	Expected precipitation in the Nordic area during the forthcoming ten days is slightly above average. Temperatures will remain above average during the remainder of this week, before colder conditions appear to be on the way from next week. Wind output is also expected just around seasonal average during the coming weeks.
Germany	→	Falling fuel and carbon prices were the essential topic on the German power market yesterday. The market has been rising quite sharply over the previous weeks, so the markets might have felt the need for a correction. The country's 2025 contract fell to 97,75 EUR/MWh and we expect the market to stabilize in Wednesday's session.
Equities	→	Tuesday, the sentiment remained somewhat depressed on the international stock markets. The rising interest rates were once again the main topic, although the tech sector stayed strong following the strong Nvidia statement from last week. Early Wednesday, the most important focus point will be the German key figures on inflation.
Conclusion	↘	Yesterday, the Nordic power market once again edged down, continuing to correct a bit following the quite massive increase during the previous weeks. The related markets edged down, which supported the development, but more importantly for the system futures, the weather forecasts have now turned much wetter and windier. The Q3-24 and 2025 contracts fell to 37,05 EUR/MWh and 46,75 EUR/MWh respectively and we expect the downtrend to continue today as we still consider the increases from the previous weeks exaggerated.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Gas	TTF
27-maj	94,71	105,89	4,43	59,64	2,47	31,62	23,55	June	70,00	73,63	24,17	47,50	27,25	42,50	34,00	Day-ahead	34,34
28-maj	87,03	90,75	6,50	60,79	4,81	32,21	27,66	Q3-24	80,45	77,95	30,65	42,10	44,70	47,95	40,20	Year 2025	38,15
29-maj	67,24	79,18	28,49	41,26	57,17	44,25	26,29	2025	89,30	84,55	41,00	54,28	50,60	57,05	47,80		





The Morning report is produced on the basis of information about th Nordic power market from sources which Energi Danmark A/S finds reliable. We attempt to continuously keep data correct and up to date. Energi Danmark A/S assume no responsibility for the accuracy of the contents of this report. Energi Danmark A/S makes reservationsfor typing errors, calculation errors and asume no responsibility for any loss or damage arising from the direct or indirect consequences following use of this material. Estimates and recommendations can be changed with no prior notice or warning. The report is confidential and only intended for clients of Energi Danmark A/S. Information contained in the report is of general nature and cannot be defined as advice. Readers are urged to seek closer advice in relation to specific questions. This material is not to be published or in any other way passed on for unauthorized use.