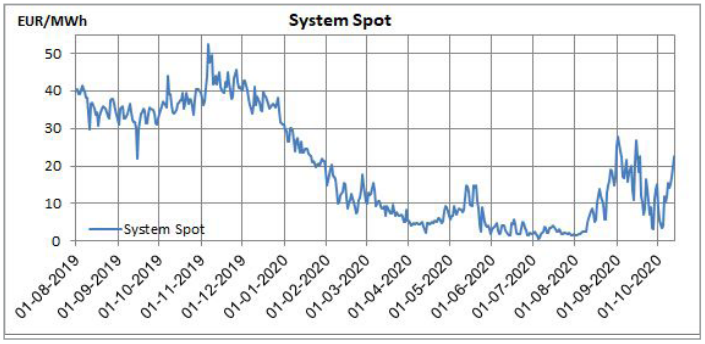
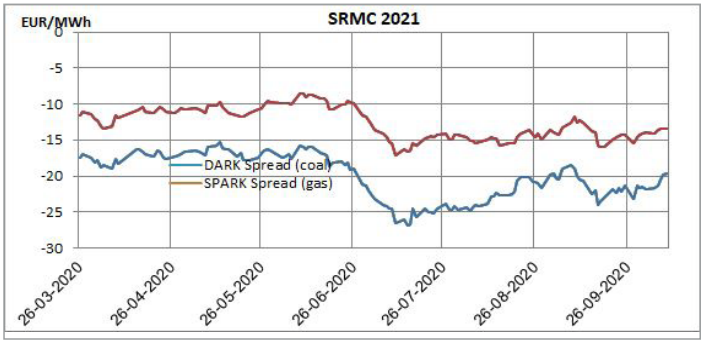
Morning Report October 14, 2020

Energi Danmark SECURITIES

	Expectation	
Oil	↘	After several days of falling prices, the international oil markets rebounded Tuesday. The Brent front month contract climbed 0,73 USD/bbl, settling at 42,45 USD/bbl, but the market remains very concerned about the corona virus pandemic, with optimism about a demand recovery fading due to the resurgent virus numbers in large parts of the world. The market opens with falling prices early Wednesday.
Gas	→	The European gas markets are returning to normal following a strike in Norway significantly reduced production during the last couple of weeks. The new and improved supply picture led to falling prices for a second straight day yesterday, both on the spot market and on the long end of the curve. The market still faces some outages, but in general, the market appears to be calming down.
Coal	↘	On the European coal market, the sentiment was bearish as well yesterday. The falling gas prices cause coal to also edge down, and expectations that an ongoing strike among Colombian miners is coming to an end added to the downside. The API 2 Cal-21 contract ended up falling 0,34 USD/t, settling at 58,39 USD/t. We could very well see further losses Wednesday.
Carbon	→	Prices continued to fall on the European carbon market yesterday, with nervousness about the increasing corona virus figures and difficult Brexit negotiations causing the bearish sentiment to continue. The benchmark contract fell another 0,65 EUR/t, settling at 25,22 EUR/t, the lowest price level since July. We do not expect the market to drop much further from here on.
Hydro	↘	Expected precipitation in the Nordic area during the forthcoming ten days is slightly below seasonal average. The remainder of this week looks rather dry, followed by low pressure weather with high rain amounts next week. Temperatures are set to increase steadily next week as well. The outlook is slightly wetter than what was forecasted yesterday.
Germany	↘	The downtrend on the German power market continued yesterday, with falling prices on both the coal, gas and carbon markets paving the way for further losses. In general, the market remains closely linked to the movements on the carbon market, which has now dropped to a three-month-low. The market opens slightly bearishly today.
Equities	→	Tuesday, the bullish sentiment continued on the European stock markets, where the Stoxx600 Index climbed another 0,55 % following the late surge on the US markets during the previous session. Despite the corona virus concerns, the markets appear strong right now, as the stimulus package negotiations in the US are still surrounded by optimism.
Conclusion	↘	Yesterday, the Nordic power market made an upwards adjustment. There appeared to be a feeling on the market that the losses during the previous day had been a bit exaggerated and the dry and cool weather outlook for the rest of this week added to the upside. The Q1-21 and YR-21 contracts climbed to 28,65 EUR/MWh and 24,00 EUR/MWh respectively. Today, we could see falling prices on at least the short end of the curve, due to the milder and wetter weather forecasts.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
12-okt	46,27	46,68	41,84	45,45	49,12	17,86	22,49	November	32,35	34,83	30,03	34,90	39,15	23,95	24,65	November	42,93	38,06	62,25
13-okt	48,32	49,70	46,43	47,84	47,66	18,65	21,45	Q1-21	32,03	32,78	33,03	36,28	43,03	28,55	28,65	Q1-21	43,22	40,27	0,00
14-okt	21,41	21,52	21,52	21,52	37,16	19,55	19,80	2021	33,88	35,78	27,45	31,25	38,45	24,00	24,00	2021	43,61	37,49	0,00





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