

Expectation

Oil



After reaching a three-month high during the previous session, the international oil markets made a minor downwards adjustment yesterday. Yesterday, OPEC and their allies, including Russia, had a summit to discuss output limitations, which ended up with no formal agreement. Further talks will likely take place once the current agreement ended. The Brent front month contract closed the day at 43,75 USD/bbl and continues sideways early Wednesday.

Gas



European gas prices fell in Tuesday's trading, amid ample supply and expectations of above-average temperatures in most of Western Europe for at least the remainder of this week. Demand is not expected to ramp up as long as temperatures are well above normal, and the optimism regarding the potentially upcoming corona virus vaccine was not enough to prevent losses yesterday.

Coal



On an overall bearish day across the markets, European coal edged down as well Tuesday. The API 2 Cal-21 contract fell 1,12 USD/t, closing at 55,80 USD/t. Although there are hopes of an upcoming vaccine, the current corona virus impact, with lockdowns in large parts of the world, limits fuel demand and the markets have to adjust for this. Wednesday, we expect rising prices as the bullish sentiment on the carbon market influences coal as well.

Carbon



Yesterday, the European carbon market followed the overall bearish sentiment across the markets and made a downwards adjustment as well. Corona virus remains a big topic on the market, but the technical support around the current price level is strong. Late yesterday, the European Commission announced that allowance auctions for 2021 will not start until the end of January or early February, and the market reacts bullishly to these news early Wednesday.

Hydro



We see no change to the extremely wet and mild weather outlook for the remainder of this week, although the forecasts indicate slightly drier conditions during next week. In total however, the 10-day outlook is still around twice as wet as seasonal average, and still very much bearish for the Nordic power market.

Germany



The German power market traded down in Tuesday's session, in response to the falling prices across the fuel markets and on the carbon market, with mild weather forecasts for the coming time adding to the downside. The country's Cal-21 contract fell 0,64 EUR/MWh to close at 39,71 EUR/MWh, but we could see a rebound today amid a big price jump early morning on the carbon market.

Equities



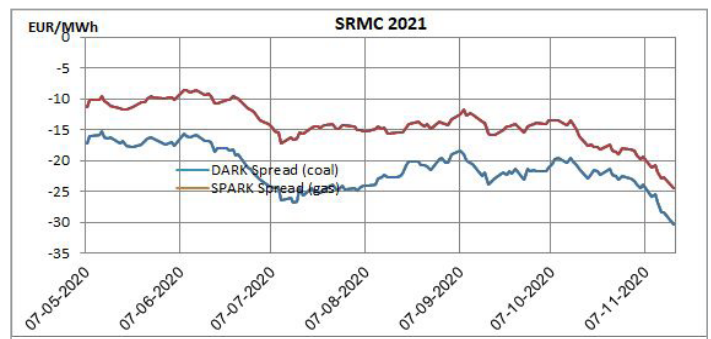
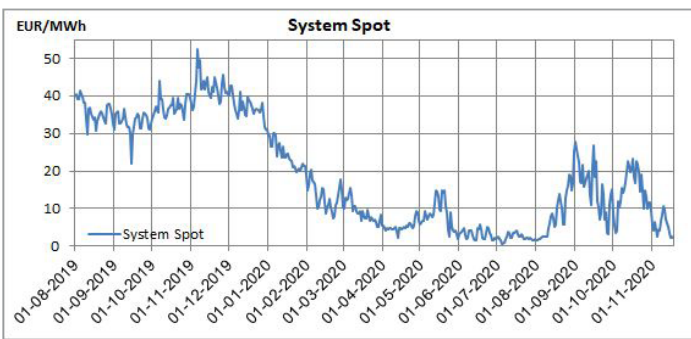
Tuesday, an overall bearish sentiment was felt across most markets, and the international stock markets traded down as well, with the S&P 500 index down around 0,5 %. The corona virus continues to cause uncertainty, and with the big gains over the last couple of weeks, a downwards correction was somewhat expected. The signals from Asia early Wednesday are rather mixed.

Conclusion



There was no change to the fierce downtrend on the Nordic power market yesterday, where all contracts continued the freefall we have been seeing for the last couple of weeks, with weather forecasts still the by far most decisive topic. The Q1-21 and YR-21 contracts both fell around 1,25 EUR/MWh and settled at 13,30 EUR/MWh and 13,25 EUR/MWh respectively. Today, the weather forecasts remain wet and mild, but gains in Germany and on the fuel, carbon markets should be able to prevent another bearish session.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
16-nov	13,20	34,24	13,25	34,24	14,91	1,42	2,40	December	23,30	27,88	19,80	28,30	30,60	8,20	8,30	December	43,25	40,09	62,30
17-nov	2,40	36,00	7,75	36,00	12,14	1,35	2,16	Q1-21	16,68	17,43	25,30	30,80	36,70	13,20	13,30	Q1-21	43,34	40,51	0,00
18-nov	0,99	30,83	6,90	30,83	30,30	0,99	2,01	2021	33,25	35,50	25,60	29,95	36,00	13,25	13,25	2021	43,76	37,97	0,00



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