

Morning Report January 23 2024

Energi Danmark[®]
SECURITIES

Expectation

Oil



For the first time in almost a month, the Brent front month contract broke above 80 USD/bbl yesterday, amid continuous concerns about the situation in the Middle East. The missile attacks in the Red Sea are a problem, but the potential of further disruptions to global supply is also causing some unrest. The market moves sideways early Tuesday as the topic currently manages to overshadow the negative economic signals from China.

Gas



European gas prices continued to slide yesterday on a day without any noticeable changes to the fundamental situation. The supply situation remains overall solid and the now much milder weather which is expected during the coming weeks should cut demand further. The first signals early Tuesday are more or less neutral as the market might feel a need of a pause following the recent increases.

Coal



On the coal market, prices fell along with gas yesterday. Stock levels at the large European coal terminals are rising at the moment, reaching almost 6 million tons, the highest level in six weeks. This despite the fact that demand is rather low, and there are no signs that this will change anytime soon.

Carbon



The carbon market also extended the downtrend Monday, where the benchmark contract, the EUA Dec-24, dropped to the lowest level in almost two years as it closed at 62,04 EUR/t. There are no signs that the market will face increased demand anytime soon, as long as coal demand remains low, but the market does appear to stabilize along with gas early Tuesday.

Hydro



As the weather forecasts in the Nordic are now look much wetter and milder than what we have seen so far this year, the deficit on the hydro balance also appears to narrow. It is now expected at only -7 TWh in two weeks' time, significantly improved from the -19 TWh earlier this month. The outlook today suggests that we could see a new cooler period in early February however.

Germany



German power prices fell along with gas, coal and carbon yesterday, continuing the downtrend which has brought the country's 2025 contract down 20 % since the beginning of the year to a price now of just 78 EUR/MWh. The market will remain under pressure as long as the downtrend continues on the gas market, as the first signals today are largely neutral.

Equities



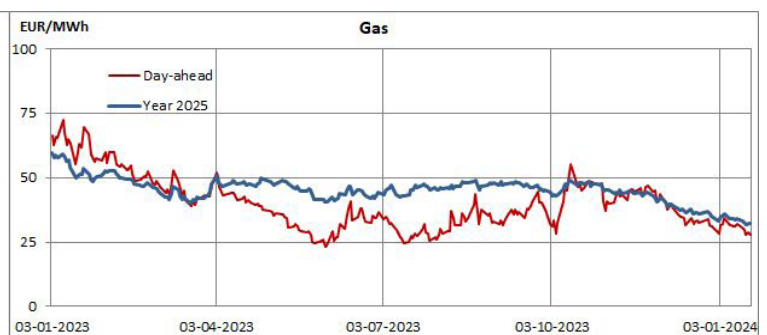
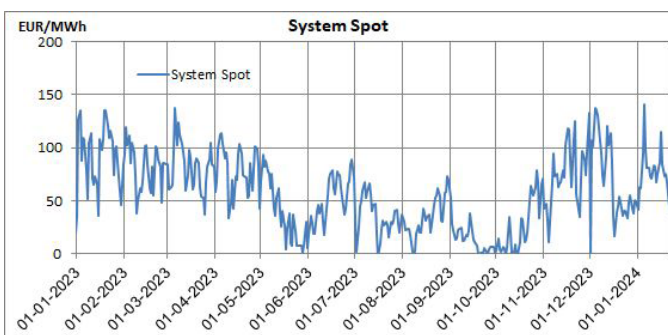
Yesterday, the week opened bullishly on the financial markets. The European Stoxx600 Index was up 0,77 % amid falling interest rates, although the increases were a bit more modest later in the day on the US markets following Friday's record highs. The first signals early Tuesday from the Asian markets are somewhat more neutral.

Conclusion



Monday, we saw a bearish start to the week on the Nordic power market. With mild weather forecasts for the next couple of weeks, falling spot prices and losses on the gas market as well as the German power market, all signals pointed towards an extend downtrend. The Q2-24 and 2025 contracts dropped to 34,20 EUR/MWh and 39,35 EUR/MWh respectively. Today, we should see reduced

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Gas	TTF
21-Jan	49,96	49,53	40,63	40,63	35,31	56,12	43,88	February	64,48	66,33	55,58	60,43	72,83	70,58	58,08	Day-ahead	27,30
22-Jan	47,99	45,24	26,78	26,78	26,78	53,87	38,78	Q2-24	58,70	54,83	28,45	39,45	39,20	46,20	34,20	Year 2025	31,95
23-Jan	48,02	42,76	33,65	33,65	33,65	50,92	43,41	2025	72,85	71,35	34,40	46,35	43,10	51,85	39,35		



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