

Morning Report January 26 2024

Energi Danmark[®]
SECURITIES

Expectation

Oil



The steady uptrend on the international oil market continued yesterday and with a closing price of 82,43 USD/bbl, the Brent front month contract reached its highest level in almost two months. Apart from the Middle East unrest, the upside was strengthened yesterday by some strong US key figures, with expectations that an improving US economy should lead to increased demand. The market opens early Friday with more or less sideways trading.

Gas



Thursday, the price falls continued on the European gas market, which still appears unconcerned about the situation in the Middle East and the prolonged transport of Middle Eastern gas south of Africa to Europe. High stock levels, strong LNG supply and quite mild weather at the moment on most of the continent weighed heavier and led to a bearish session. We expect further losses ahead of the weekend.

Coal



On the coal market, we also saw a turnaround yesterday, as the API 2 2025 contract continues to trade around the lowest level in two years. As gas prices continue to fall, coal remains out of favor in the energy mix and there are no signs that we will see an increase in demand anytime soon.

Carbon



Following a short-lived price jump earlier in the week, the European carbon market has now resumed the downtrend which has characterized the beginning of the year. As fuel prices have fallen to two-year lows, and demand is expected quite low during the coming year, the situation is bearish on the carbon market as well. We consider further losses likely Friday.

Hydro



Ahead of the weekend, we see a confirmation that we are up for another weather change next week. The upcoming weekend and the first half of next week looks quite mild, but from around Friday next week, temperatures will once again fall below seasonal normal. Both wind output and precipitation should also decrease. The coming week looks mild and windy however, and in total, the outlook appears largely neutral for the Nordic power market.

Germany



As the fuel markets and the European carbon market changed direction yesterday, the German power market also started falling again. The overall fundamental situation remains bearish, amid ample gas supply and no signs of an increase in demand anytime soon. The country's 2025 contract fell to 79,90 EUR/MWh and we should see the downtrend continue Saturday.

Equities



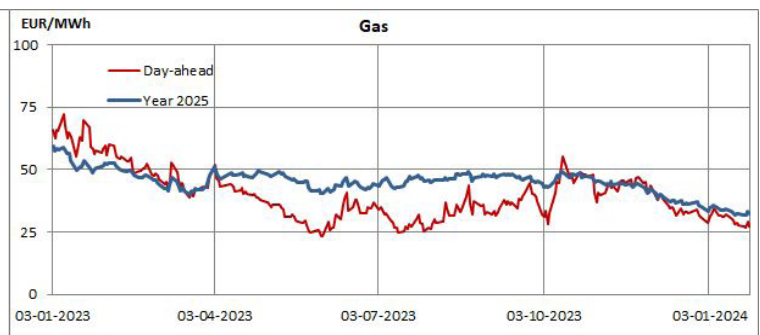
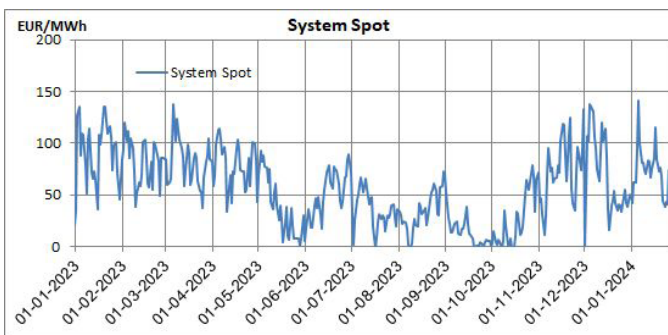
Strong US key figures and dovish signals from the ECB were enough to secure another day of increases on the international stock markets yesterday. The ECB did not cut interest rates, but the markets had not counted on this so it did not prevent a bullish day. The first signals from Asia are however a bit more bearish and we could see the uptrend in Europe come to an end as well.

Conclusion



Mild weather, low spot prices and falling prices on the related markets were the main focus points on the Nordic power market yesterday. The fact that the weather appears to turn cooler late next week did not prevent the market from falling, as the Q2-24 and 2025 contracts fell to 36,15 EUR/MWh and 39,33 EUR/MWh respectively. Today, a similar development looks likely, since the sentiment remains bearish on the gas market as well as in Germany, and there are no major changes to the weather outlook.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Gas	TTF
24-Jan	33,42	39,09	39,09	39,09	74,77	43,70	41,29	February	66,48	68,58	56,58	62,58	82,58	72,08	59,58	Day-ahead	27,20
25-Jan	76,27	76,09	75,88	75,97	78,08	74,93	73,41	Q2-24	60,65	55,40	30,65	41,35	41,15	47,65	36,15	Year 2025	32,31
26-Jan	55,80	50,43	50,32	50,43	78,84	57,28	50,12	2025	75,46	73,08	34,33	46,71	43,23	51,58	39,33		



The Morning report is produced on the basis of information about the 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 reservations for typing errors, calculation errors and assume 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.

Denmark

Sweden

Finland

Norway

Germany