

Morning Report March 12 2024

Energi Danmark[®]
SECURITIES

Expectation

Oil



The range-bound trading on the international oil market continued Monday, where the Brent front month contract rose marginally and closed at 82,21 USD/bbl. The contract has now been moving within a narrow range between 81,50 USD/bbl and 83,50 USD/bbl for a couple of weeks, as mixed signals keep the market locked. We await further signals about the state of the global economy and potential cuts in interest rates in both the US and Europe.

Gas



This week opened with falling European gas prices. The recent uptrend appears to have ended for now and focus has now returned to the bearish factors which dominated for so long in the beginning of the year. Strong supply levels and low demand as the heating season is coming to an end are the main topics and we expect another day of falling prices Tuesday.

Coal



European coal prices have also started falling again following the rather sharp price increases earlier this month. The market still has eyes on the bullish signals, including fears of declining Russian exports and signs of growing demand in Asia. However, the bearish signals weigh heavier right now, with falling gas and overall low demand in Europe paving the way for falling prices.

Carbon



Monday, the European carbon market edged further down, marking the fourth straight day of falling prices. The increases from the previous couple of weeks have not yet been complete erased, but it is heading that way since the gas and coal markets are falling again. The benchmark contract now costs 56,21 EUR/t and continues down early Tuesday.

Hydro



Early Tuesday, the wetter and milder weather forecasts which led to the sharp price falls on the Nordic power market yesterday are confirmed. Precipitation amounts and temperatures are both expected to climb above average later this week, and the hydro balance deficit will start declining again. Since the outlook was largely priced in yesterday, it should not cause any major fluctuations on the Nordic power market today.

Germany



Since gas, coal and carbon prices in Europe have started descending again following a short-lived uptick, the German power market has also resumed the downtrend. Yesterday, the country's 2025 contract fell to 74,26 EUR/MWh, more than 3 EUR/MWh lower than the previous close. The market could very well extend the downtrend today.

Equities



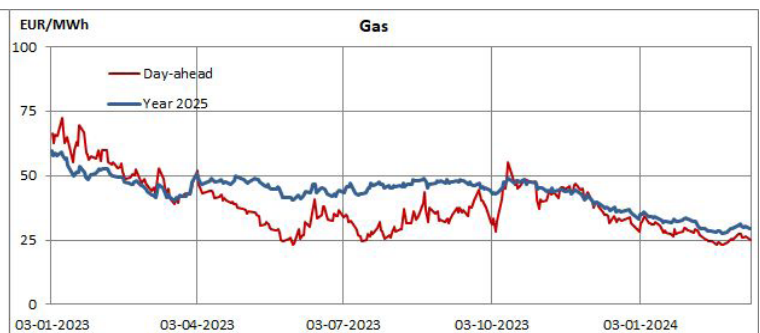
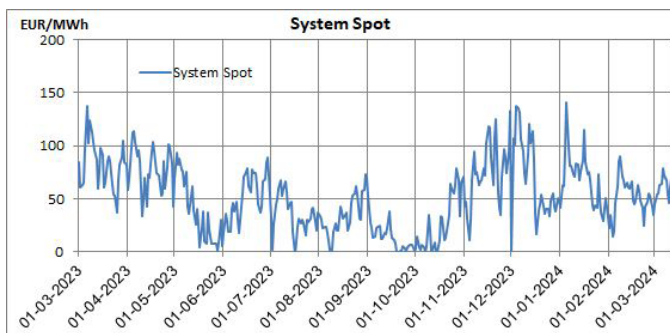
There was only limited activity on the international stock markets yesterday. Risk appetite was low as everyone appears to await the main event of the week, the US key figures on consumer prices which will be published later today and which will be a clear indication if the US Fed is heading towards lower interest rates anytime soon.

Conclusion



Significantly milder and wetter weather forecasts over the weekend were the main topic on the Nordic power market yesterday. Prices fall steeply as a result, especially on the short end of the curve. The Q2-24 contract was down a massive 6,40 EUR/MWh, closing at 32,40 EUR/MWh, whereas the 2025 contract fell 1,70 EUR/MWh and closed at 38,10 EUR/MWh. Today, we expect a much calmer session since the changed forecasts have now been priced in, and sideways trading appears likely.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Gas	TTF
10-mar	34,02	34,11	41,39	34,45	66,05	47,19	46,07	April	52,60	54,40	40,00	46,25	42,50	53,00	43,00	Day-ahead	25,01
11-mar	60,39	57,77	57,13	57,47	66,26	60,42	60,66	Q2-24	51,90	47,78	27,15	39,40	32,65	42,40	32,40	Year 2025	29,20
12-mar	86,45	86,45	74,83	85,38	74,83	74,83	78,27	2025	72,23	68,60	33,60	43,40	42,10	49,10	38,10		



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