

Morning Report August 14 2024

Expectation

Oil



Following several bullish sessions, we saw a downwards correction on the oil market yesterday. Focus is still on the geopolitical tensions surrounding Israel and Iran, but the global economic concerns surrounding particularly China limit the upside. The Brent front month contract closed yesterday at 80,69 USD/bbl, down 1,70 USD/bbl against the previous close. Today, we see a rebound as the Middle East war concerns once again dominate the headlines.

Gas



Even though uncertainty remains high, the European gas market edged down in Tuesday's session. The market retreated after reaching year-high levels the previous day. Focus is however still on the Russia-Ukraine war and the fears that a Ukrainian attack into Southern Russia could lead to damage to the Russian gas pipeline which goes through Ukraine into Southern Europe. This would of course hamper Russian gas supply significantly and the fears will continue to dominate in the coming time.

Coal



On the coal market, we also saw a correction yesterday following several straight bullish sessions. Coal demand in Europe remains low and the fluctuations are largely based on what happens on related markets. The API 2 2025 contract ended up falling 0,66 USD/t to 128,06 USD/t, and the market will likely continue to track gas today.

Carbon



The European carbon market also experienced a downturn Tuesday after reaching the highest price level in three months in the previous session. During the summer, carbon has been closely linked to gas, but once the holiday season is over and demand starts recovering, carbon could once again become important, especially if we see some new political decisions or rumors that could trigger some fluctuations.

Hydro



Since yesterday, we have not received any major changes to the Nordic weather outlook. In terms of precipitation, the forecasts still suggest dry conditions this week followed by a change to more unsettled and wetter weather from early next week. The more or less unchanged outlook appears neutral for the Nordic power market.

Germany



With falling prices on the gas market, which is the major focus point for Germany right now, it was no surprise to see the German power futures fall as well yesterday. The country's 2025 contract closed at 98,46 EUR/MWh, but there is room for a rebound if the fears of a shortfall of gas deliveries to Europe from either or both Russia and the Middle East turn out to be true. The market rises modestly early Wednesday but we could see a turnaround as we have done several times lately during the day.

Equities



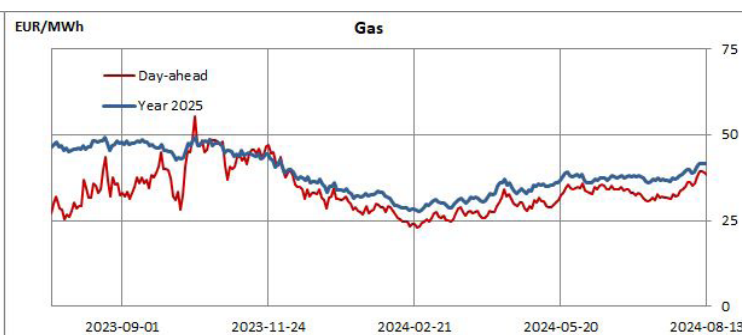
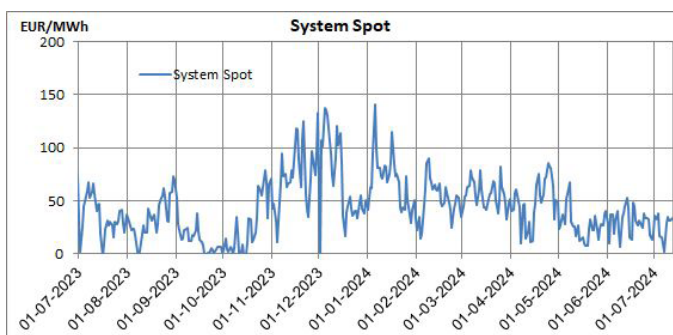
Strong US key figures on producer prices led to falling interest rates and rising stock markets yesterday. Today is more important however, as the key figures on consumer prices are considered the highlight of the week and a possible indication about whether or not the US Fed will cut interest rates. The markets hesitate ahead of the figures.

Conclusion



Wet weather forecasts and falling prices across the related markets led to a bearish development on the Nordic power market yesterday. The hydro balance is expected in a modest surplus in two weeks' time if the current wet outlook turns out to be true. The Q4-24 and 2025 contracts ended up closing the day at 45,75 EUR/MWh and 42,10 EUR/MWh respectively. Today, we open slightly bullish but volatility is high and the market could easily change direction again.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Gas	TTF
12-aug	92,06	92,06	12,00	46,19	13,89	12,29	17,65	September	85,80	83,80	20,55	34,95	42,30	33,55	26,80	Day-ahead	38,16
13-aug	91,19	92,43	20,14	40,93	21,40	20,14	30,73	Q4-24	82,75	80,25	41,28	52,78	54,60	55,75	45,75	Year 2025	41,43
14-aug	107,81	100,53	17,58	38,66	54,26	17,58	31,19	2025	86,10	83,73	37,71	48,76	49,60	51,85	42,10		



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