



Morning Report October 14 2024

Expectation


- Oil




Friday, we saw a marginal downwards correction on the oil market, but nowhere near as big as the increase during the previous session. The market has been in a wait-and-see mode for over a week now since the indications from Israel and the US, that an attack on the Iranian oil industry could be imminent. Everyone awaits what will happen and this limited the downside significantly. The Israeli retaliation attack has still not happened over the weekend and Monday, the market continues the decline from Friday.
- Gas




The gas market faces massive bullish pressure from the geopolitical situation in the Middle East right now. Across the markets, people hold their breath and await what reaction Israel will come up with against Iran. Friday, European gas prices fell a bit following Thursday's rally, and the market also opens down today. However, even though supply is healthy right now, the market will continue to price in a lot of risk premium until we know more about how Israel plans to strike back on Iran.
- Coal




As long as the situation is as tense as it is on the gas market, coal will be completely dependent on what gas does. Friday, coal prices fell modestly along with gas, with the API 2 2025 contract closing at 126,05 USD/t. Everything will be about what happens on related markets again today, first and foremost gas.
- Carbon




A very volatile week on the carbon market ended with modest price falls Friday. Earlier in the week, the market had tested six-month lows at 60 EUR/t, before rallying sharply to 65 EUR/t. Given the current situation, the correlation with gas is strong and as things stand, it is very likely that this will remain the case this week.
- Hydro




A low pressure is expected to dominate the Nordic area for most of this week. Temperatures and wind output is expected to increase noticeably to well above average, whereas precipitation amounts should grow to around or slightly above seasonal normal. The hydro balance has weakened a bit and is now expected in a surplus of 4 TWh in two weeks' time, and the signals from the forecasts are somewhat mixed for the Nordic power market.
- Germany



In line with the gas market, German power prices fell modestly Friday, but the correction following Thursday's price jump was rather small. This shows how nervous the markets are and with Germany's high gas dependence, the current situation is very volatile. The country's 2025 contract closed Friday at 88,25 EUR/MWh and we see a bearish opening again Monday. Like Friday, the downside is very limited by the geopolitical situation however.
- Equities

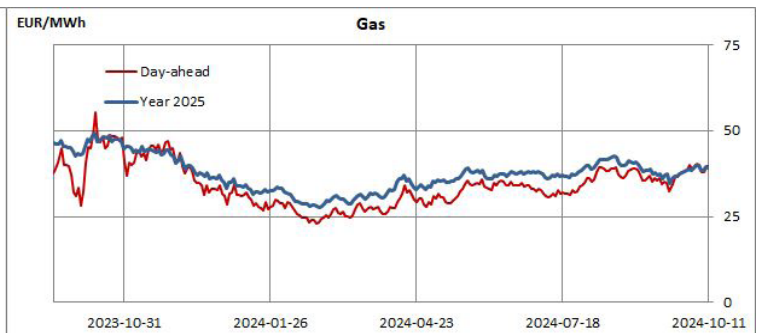
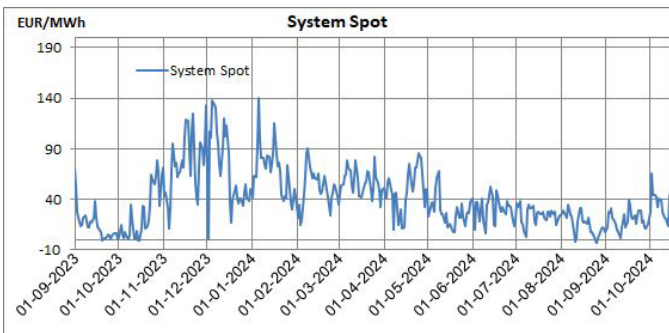


Despite the nervous geopolitical situation, the stock markets remain positive and the US S&P 500 Index once again set record-highs Friday. Focus Friday was on the first financial statements from the large banks on Wall Street, which were more positive than expected. Monday, the markets in Asia are up despite mixed signals from the Chinese government regarding the plan for the country's economy.
- Conclusion



Like most related markets, the Nordic power market did not see any major fluctuations Friday, where both the Q1-25 and 2025 system futures closed modestly up, settling at 58,35 EUR/MWh and 40,25 EUR/MWh respectively. The forecasts right now show high temperatures and wind output the coming week, which is bearish news, but the situation on the fuel markets and in Germany managed to offset this. Today, we expect a neutral or modestly bullish development unless something happens on the related markets that could change the picture.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Gas	TTF
12-okt	48,22	45,20	9,80	9,80	12,04	35,82	20,27	November	76,25	76,25	41,97	51,64	48,25	54,75	44,75	Day-ahead	39,53
13-okt	14,86	13,65	12,16	12,16	12,04	15,04	13,12	Q1-25	81,98	76,85	55,65	64,95	78,85	68,85	58,35	Year 2025	39,09
14-okt	104,67	104,67	38,54	98,22	128,78	44,86	44,65	2025	79,13	76,50	36,30	48,75	51,55	48,75	40,25		



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