

Morning Report October 22 2024

Expectation

Oil



This week opened with a rebound on the oil market after the quite noticeable losses during last week. Despite the concerns about a slowing demand growth, first and foremost because of China, the market managed to increase yesterday. The market still has eyes on the situation in the Middle East, and the expectation of an Israeli retaliation attack on Iran. This keeps a hand under the market as we see largely sideways trading early Tuesday.

Gas



On the gas market, we also saw an uptrend Monday, erasing the losses we saw during the previous few sessions. The increases were a bit surprising, since the fundamental situation looks rather strong, with ample supply and current mild autumn weather in most of Europe, leading to low consumption. The concerns about the supply of Russian as well as Middle Eastern gas are the points of uncertainties that might explain why the market edged up. Today, we see an initial downwards correction which seems fair given the fundamentals.

Coal



Yesterday, the European coal market edged up along with gas, as the correlation between the two markets remains strong, with gas as the decisive market. The API 2 2025 coal contract closed at 122,64 USD/t and there are no signs that the close link to gas is about to disappear anytime soon.

Carbon



European carbon prices fell for a fifth straight session Monday. During the last week, the benchmark allowance contract has fallen around 7 % to 61,66 EUR/t, as weak demand and bearish technical signals dominate the market right now. The question now is if the market will test the 60 EUR/t marker again later this week, but we consider it unlikely that prices will drop below this point.

Hydro



Expected precipitation in the Nordic area during the next ten days is around 20 % above seasonal normal. The hydro balance surplus is expected to grow during this period as a result. Meanwhile, the forecasts still look quite warm and windy and the outlook in total appears rather bearish for the Nordic power market Tuesday morning.

Germany



The German power market faced mixed signals yesterday. A retreating carbon market and mild, windy autumn weather weighed bearishly, but this was offset by an uptick on the important gas market. At the end of the day, the German 2025 contract ended up closing at 86,06 EUR/MWh, marginally up from Friday. Today, the market trades down as gas also appears to retreat, likely due to mild weather forecasts and strong supply.

Equities



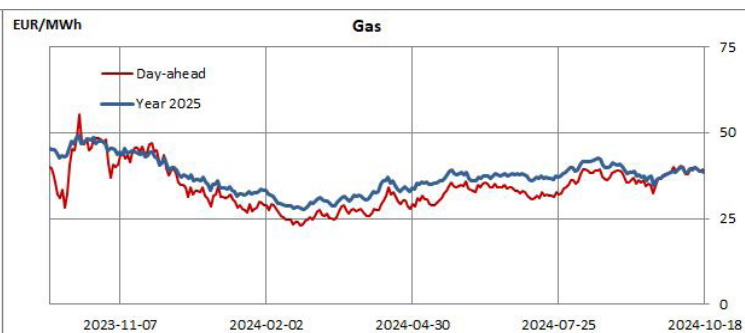
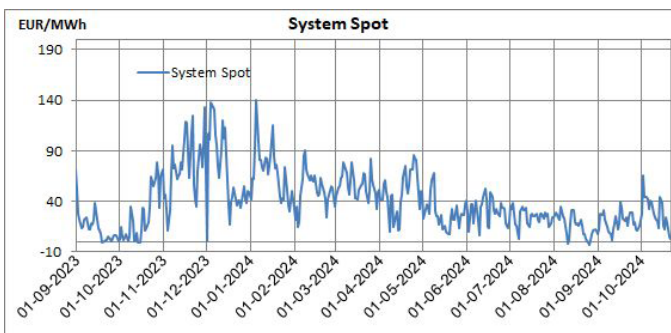
Monday, the week opened bearishly on the financial markets, with particular the European indexes falling. The markets are starting to respond to the fact that the polls ahead of the US Presidential election are increasingly favoring Donald Trump as we are now just two weeks away of the election. Today, the first signs from Asia are bearish as well.

Conclusion



Despite the increasing gas and German power, the Nordic power market edged down in Monday's session. The very mild weather forecasts were the main driver, and it added to the downside that the forecasts are also wetter and windier than seasonal normal. The Q1-25 and 2025 contracts fell to 55,13 EUR/MWh and 38,58 EUR/MWh respectively during the day. Today, we once again consider falling prices as the most likely scenario as the related markets are also pointing downwards today.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Gas	TTF
20-okt	28,68	28,68	1,03	1,03	1,03	23,61	5,36	November	75,55	73,80	39,30	48,05	44,20	50,80	40,80	Day-ahead	39,86
21-okt	56,26	56,26	-0,99	-0,99	-0,99	24,66	2,56	Q1-25	79,01	73,88	53,33	61,63	75,63	66,13	55,13	Year 2025	39,19
22-okt	90,66	99,21	3,17	3,17	2,82	33,20	8,49	2025	76,96	74,58	34,78	47,08	48,78	47,08	38,58		



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