

Expectation

Oil



After the big price drop Monday in the wake of the OPEC decision to gradually increase output during the rest of the year, the crude oil market is still trying to find foothold. Yesterday, the market retreated a bit, with the Brent front month contract falling to 69,35 USD/bbl. The market continues down early Wednesday, as new data from the US showed a rather surprising increase in the country's inventory levels.

Gas



On the European gas markets, we were up for a rare day of falling prices yesterday. The Nord Stream pipeline is set to be restarted, which offers some relief to a pressured supply side, and milder weather forecasts added to the bearish sentiment. High LNG demand in Asia does did however keep a hand under the market, and we do not expect the market to continue down Wednesday.

Coal



An overall bearish sentiment across the fuel markets also affected the coal market yesterday, where spot prices retreated from 13-year highs, while the long end of the curve edge down as well. The API 2 Cal-22 contract edged down 0,61 USD/t, marking the first bearish session in two weeks, settling at 92,87 USD/t.

Carbon



European carbon prices also edged down yesterday, with the benchmark contract retreating 1,20 EUR/t before settling at 51,21 EUR/t. The losses were largely attributed to bearish technicals and bearish support from related markets, but we do not expect prices to drop below 50 EUR/t in the nearest future, so it seems likely that we see the market consolidate today.

Hydro



Wednesday morning, the Nordic weather forecasts once again start leaning towards drier weather. Compared to yesterday, the outlook for next week suggests less precipitation, and the total 10-day forecast remains below average. The outlook should be a bullish signal for the Nordic power market today.

Germany



On a day with losses across the fuel and carbon markets, the German power market also experienced a bearish session. The country's Cal-22 contract was down 1,50 EUR/MWh, closing at 69,90 EUR/MWh, the lowest price level of the month so far. Today, we could see a rebound, although much depends on what the carbon market does.

Equities



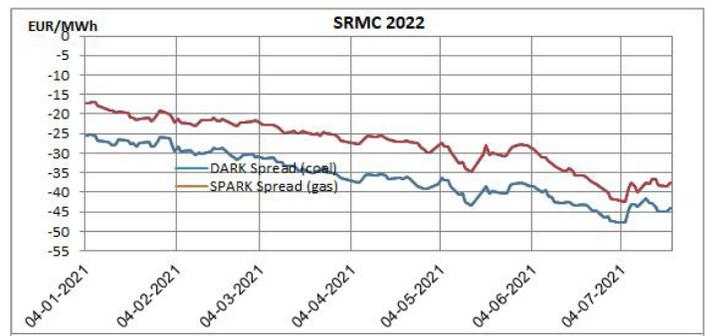
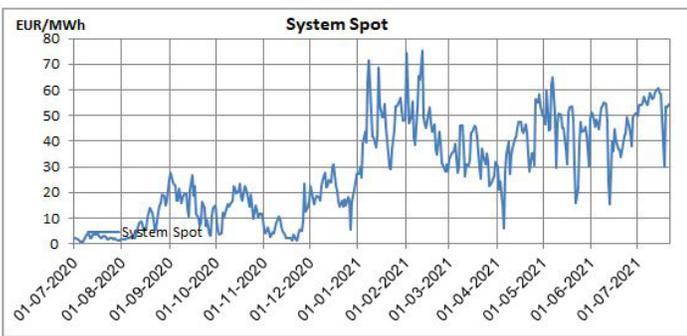
After several bearish days, the international stock markets finally saw a recovery Tuesday, where both the European and US indexes climbed. The increasing corona virus figures do however continue to offer concerns, so the markets will remain cautious as trading activity decreases due to summer holiday season.

Conclusion



Yesterday, the Nordic power market opened bearishly due to some late losses in Germany the previous day, but the sentiment changed and both the short and long end of the curve won back the losses. The Q4-21 contract closed at 46,85 EUR/MWh, up a marginal 0,35 EUR/MWh for the day, while the YR-22 contract closed at 31,85 EUR/MWh, flat for the day. We could see an upwards adjustment on at least the short end of the curve today, as the weather forecasts look drier than yesterday.

| Spot | DK1 | DK2 | SE3 | SE4 | HEL | OSL | SYS | Forwards | DK1 | DK2 | STO | MAL | HEL | OSL | SYS | SRMC | Coal | Gas | Oil |
|--------|-------|-------|-------|-------|-------|-------|-------|----------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|
| 19-jul | 88,27 | 88,30 | 59,89 | 72,91 | 81,81 | 58,69 | 53,63 | August | 79,10 | 80,85 | 58,10 | 77,60 | 69,60 | 57,05 | 51,10 | August | 87,31 | 86,32 | 62,30 |
| 20-jul | 73,66 | 91,69 | 56,07 | 56,07 | 73,42 | 59,11 | 53,23 | Q4-21 | 75,85 | 81,30 | 49,95 | 70,85 | 57,85 | 53,50 | 46,85 | Q4-21 | 83,99 | 90,40 | 0,00 |
| 21-jul | 89,11 | 89,99 | 55,72 | 56,02 | 69,12 | 59,02 | 54,73 | 2022 | 60,00 | 62,10 | 34,98 | 55,10 | 41,95 | 38,75 | 31,85 | 2022 | 75,74 | 69,31 | 0,00 |



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