

Expectation

Oil



For a third straight day, prices climbed on the international oil market yesterday, and with a closing price of 78,36 USD/bbl, the Brent front month contract reached the highest price level in almost a month. Once again, the increases were attributed to production cut speculations surrounding OPEC, as the organization will meet next week to discuss if they should reduce production further. Increasing US demand added to the upside, but early Thursday, the market opens largely sideways.

Gas



Front-month gas on the leading European gas hub, TTF, fell to their lowest level in almost two years yesterday, as the overall bearish sentiment remains intact. Despite a recent decline in LNG import, there are no short-term supply concerns at all, as storages are well above average, but the long end of the curve looks a bit more uncertain since a cold winter could influence the situation next year.

Coal



European coal prices also continued downwards yesterday, as the API 2 2024 contract reached its lowest price level in more than year. Stock levels at the large European coal terminals are at the highest level in eight months, amid continuously low demand across the continent due to high competition from gas, and we expect the downtrend to continue to day, where gas also appears to slide further.

Carbon



As European gas and coal prices continue to fall, the carbon market also edged further down in yesterday's trading. Milder weather and increasing auction supply adds to the bearish sentiment, as the benchmark contract, EUA Dec-23, fell to 85,15 EUR/MWh, and we consider further losses Thursday as a very likely scenario.

Hydro



Thursday morning, we see a confirmation of the milder and wetter weather forecasts, which led to a noticeable downturn on the Nordic power market yesterday. Instead of temperatures well above average, the outlook now suggests a level just around average, while precipitation amounts should also remain higher than what had previously been anticipated. The outlook is bearish for the Nordic power market early in Thursday's trading.

Germany



Yesterday, the German power market continued the downtrend, amid falling prices across the related markets and milder weather forecasts for the coming weeks. The country's 2024 contract fell to 133,01 EUR/MWh, down 1,50 EUR/MWh against the previous close and since we do not see any noticeable changes to fundamentals early Thursday, further losses appear likely.

Equities



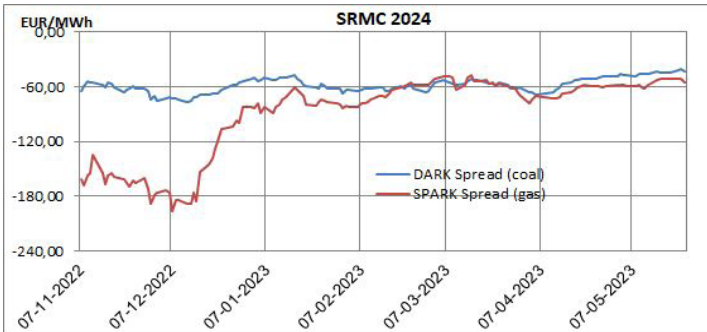
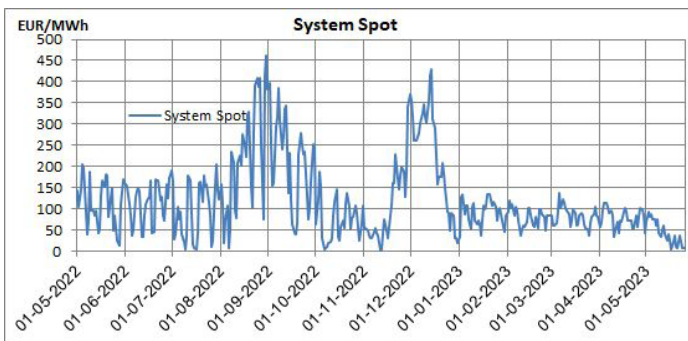
The sentiment remained bearish on the financial markets yesterday. The increasing uncertainty about the debt ceiling negotiations in the US congress and rising interest rates were the main reason behind the low risk appetite, and the negative development could easily continue today, as the deadline for the new US debt ceiling is approaching.

Conclusion



Yesterday, the Nordic power market experienced a big downturn, based on a mix of different signals. Extremely low spot prices, high snow melting, milder weather forecasts and losses across almost all related markets led to a noticeable decline. The Q2-23 contract fell 12 % to 49,75 EUR/MWh, while the 2024 contract was down 7 %, closing at 65,25 EUR/MWh. Thursday, we expect another bearish session as gas and German power falls further, while the forecasts look mild and wet.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS
23-maj	58,20	68,50	31,54	68,50	9,83	53,62	21,38	June	72,65	67,40	29,15	48,65	26,65	61,15	35,15
24-maj	92,29	98,47	15,59	98,47	0,00	69,75	8,20	Q3-23	88,25	87,25	45,25	62,63	49,75	80,75	49,75
25-maj	50,71	55,83	18,97	55,83	1,38	48,87	7,50	2024	117,75	115,75	61,00	78,25	56,10	93,25	65,25



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