

Morning Report January 25 2024

Energi Danmark
SECURITIES

Expectation

Oil



Wednesday, focus on the oil market turned to the latest US inventory data, which showed that inventories are currently around 5 % below average for this time of the year. Meanwhile, the tensions in the Middle East added to the bullish sentiment, and at the end of the day, the Brent front month contract had climbed to 80,04 USD/bbl. We do however not expect the market to break out of the range-bound trading and we expect the contract to remain around 80 USD/bbl today.

Gas



Yesterday, we saw a sudden rebound on the European gas market. The increases could be attributed to somewhat colder weather forecasts and to the uncertainty surrounding supply in the Middle East, with the missile attacks on ships in the Red Sea continuing for more than a month now. The first signals early Thursday are bullish as well.

Coal



The European coal market also experienced rising prices yesterday, with the bullish run on the gas market as the most important price driver. The API 2 2025 contract ended up climbing around 3 USD/t to 93 USD/t, but due to the consistently low demand, it is difficult to see the market rise noticeably unless the gas market goes on a long-lasting bullish run.

Carbon



Carbon is another market which remains quite closely correlated with gas, and as gas recovered yesterday, carbon also climbed, distancing itself from the two-year low levels from earlier in the week. As with gas, we do not consider this the start of any long-lasting bullish run, but merely as a correction, and the market will start falling again once gas does.

Hydro



As the week goes on, the return to cold weather in the Nordic area is moving closer. The rest of this week and the beginning of next week look rather mild, but from mid-next week, temperatures are once again expected to drop below seasonal average. The hydro balance deficit has shrunk noticeably over the last few weeks. The outlook appears neutral for the Nordic power market.

Germany



Rising gas and carbon prices led to a rare day of rising prices on the German power market yesterday. With a closing price of 79,76 EUR/MWh, the country's 2025 contract is still quite close to the two-year lows from earlier this week, but the first signals early Thursday point towards further increases as gas also rises.

Equities



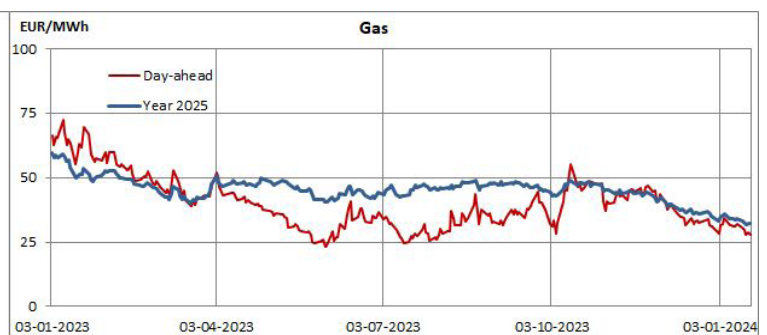
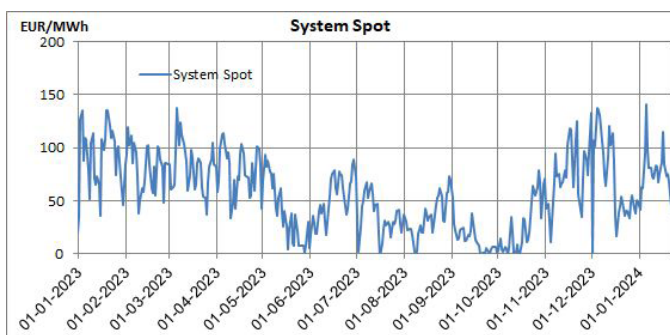
Both the European and the US stock markets were bullish yesterday, with strong signals from the tech sector supporting the rest of the market. Higher interest rates limited the increases in the US, but the markets remain optimistic today, where focus will be on the upcoming ECB interest meeting and the awaited US GDP figures from the last month.

Conclusion



In what appeared as the first bullish session in a long time, the Nordic power market rebounded yesterday, carried by colder weather forecasts for the beginning of February and rising prices on gas and German power. The Q2-24 and 2025 contracts rose to 35,88 EUR/MWh and 40,20 EUR/MWh, and the uptrend appears to continue Thursday where the related markets continue up and the forecasts confirm that winter weather will return next week.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Gas	TTF
23-Jan	48,02	42,76	33,65	33,65	33,65	50,92	43,41	February	69,65	71,60	57,35	62,85	77,85	72,35	59,85	Day-ahead	29,04
24-Jan	33,42	39,09	39,09	39,09	74,77	43,70	41,29	Q2-24	63,13	58,38	30,38	41,16	40,88	47,88	35,88	Year 2025	33,03
25-Jan	76,27	76,09	75,88	75,97	78,08	74,93	73,41	2025	76,95	75,45	35,20	47,20	43,95	52,70	40,20		



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