

Morning Report September 27 2024

Expectation

Oil



For a second straight day, we saw a noticeable downtick on the oil market Thursday. The Brent front month contract fell another 1,86 USD/bbl, closing at 71,60 USD/bbl following the reports that Saudi Arabia will not actively push as hard as previously to keep prices high, instead prioritizing higher output and winning market shares. The market opens largely sideways early Friday as focus also remains on the tense situation in the Middle East following the Israeli attacks on Hezbollah in Lebanon.

Gas



After an initial calm start, the European gas market returned to the uptrend yesterday. The market faces some uncertainties right now, such as a hurricane threatening LNG exports from the US and continuous speculations about the future of Russian gas supply to Europe through Ukraine. Flows from Norway have ramped up again and the current strong gas supply situation in Europe limits the upside.

Coal



Yesterday, the coal market rose along with gas. Demand could pick up in the near future as power consumption will grow once temperatures across Europe start to fall, but there are no signs that coal is about to become a dominant market again anytime soon. The API 2 2025 contract rose to 121,00 USD/t and we expect the uptrend to halt today where gas opens modestly down.

Carbon



On the carbon market, prices rose along with gas again yesterday. During the last week, the market has won back a lot of the losses from earlier in September, but it is more a response to bullish gas than to a change in fundamentals on the carbon market itself. The benchmark contract closed at 66,52 EUR/t but retreats again early Friday.

Hydro



Ahead of the weekend, we see a confirmation that the Nordic area is up for a shift to more high-pressure conditions around the turn of the week. Next week, both temperatures and wind output is expected below average and this is of course bullish news for the Nordic power market especially because of the expected decrease in wind production.

Germany



There were no major changes to the fundamental situation on the German power market yesterday. Gas and carbon rose due to cooler weather forecasts and renewed concerns about the state of gas supply to Europe, which led to an uptick on the German market. At the end of the day, the country's 2025 contract had climbed to 87,45 EUR/MWh. The market retreats early Friday but the sentiment can change again as the day progresses.

Equities



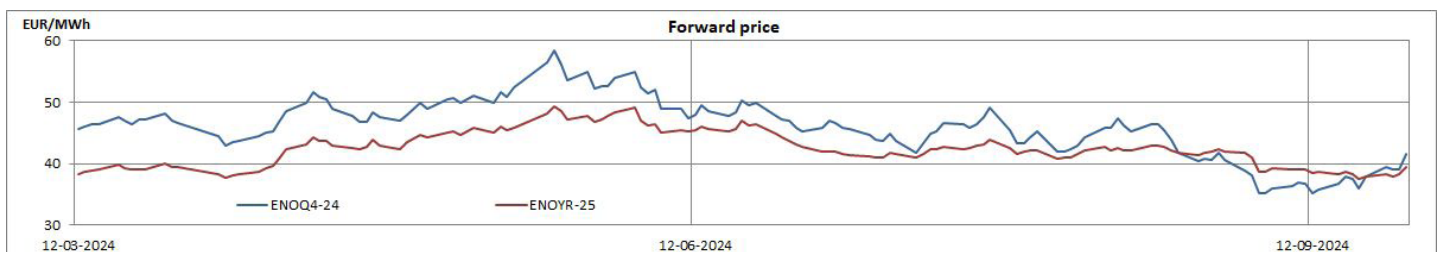
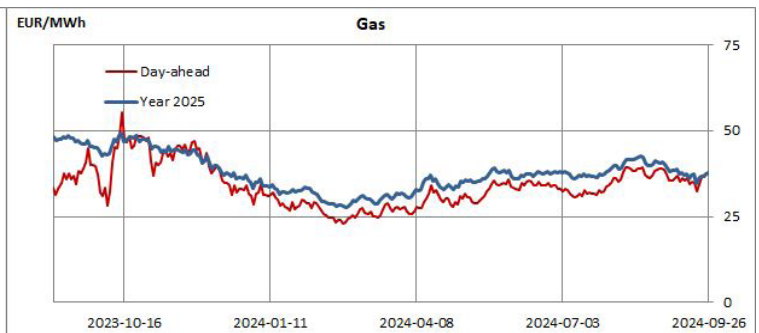
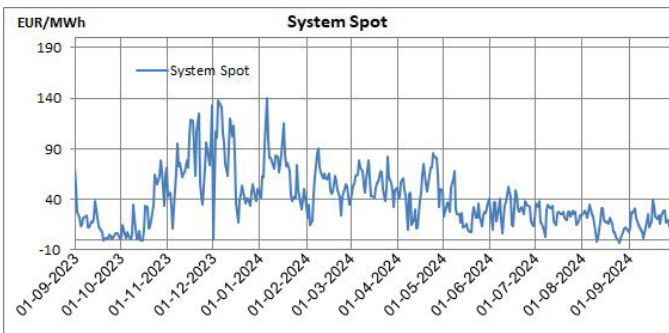
Thursday, the international stock markets turned bullish again, with noticeable increases in both Europe and the US. The markets are very focused on China right now, with the government's decision to offer extra stimulus to the country's economy received bullish particularly in Europe. Friday also looks set to open with increases.

Conclusion



Nordic power prices rose further Thursday, on a combination of cooler and calmer weather forecasts and bullish signals from the related markets, first and foremost gas and German power. At the end of the day, the Nordic Q4-24 and 2025 system futures had jumped to 41,55 EUR/MWh and 39,50 EUR/MWh, having recovered significantly following the losses earlier in the month. We could very well see further increases Friday where the forecasts confirm the colder and calmer outlook for next week.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Gas	TTF
25-sep	56,04	43,30	7,75	7,75	8,12	18,70	16,96	October	66,88	69,05	24,55	35,00	44,00	34,00	28,50	Day-ahead	38,06
26-sep	54,06	49,63	11,82	11,82	24,16	20,52	18,92	Q4-24	74,30	74,05	37,35	49,30	53,05	50,55	41,55	Year 2025	37,84
27-sep	17,71	14,33	6,24	6,24	12,26	14,17	12,13	2025	77,38	74,88	35,77	48,25	52,40	48,50	39,50		



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